

# *City of Kankakee Illinois*



Comprehensive  
Annual Financial Report  
for the Fiscal Year Ended  
April 30, 2009

# **City of Kankakee, Illinois**

**Comprehensive  
Annual Financial Report  
for the Fiscal Year Ended  
April 30, 2009**

Prepared by:  
*The Comptroller's Office*  
*James A. Spice*  
*Comptroller*

**CITY OF KANKAKEE, ILLINOIS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED APRIL 30, 2009**

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## **INTRODUCTORY SECTION**





Comptroller  
304 South Indiana Avenue  
Kankakee, Illinois 60901  
(815) 933-0491 Fax (815) 936-7329

October 30, 2009

Honorable Mayor, City Aldermen, and citizens of the City of Kankakee:

The Comprehensive Annual Financial Report (CAFR) of the City of Kankakee, Illinois for the fiscal year ended April 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City of Kankakee management. To the best of the Comptroller's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all the governmental activities, business-type activities, component units, and funds of the City of Kankakee. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City adopted the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, beginning with the fiscal year ended April 30, 2004. The GASB is an organization that establishes accounting and financial reporting standards for state and local governments in the United States. GASB Statement No. 34 significantly changed the required format for governmental statements in a number of ways. The most significant of these changes was to require that governments prepare entity-wide financial statements in addition to the fund-based financial statements that governments have traditionally prepared. The entity-wide financial statements present a government's financial position and results of operations in a manner similar to a business.

### **The Reporting Entity and its Services**

This report includes all of the funds for the City of Kankakee (the primary government), as well as its component units, the Kankakee Public Library and Special Service Area #1. Component units are autonomous entities for which the primary government is financially accountable.

The City of Kankakee was incorporated in 1865 and operates as a home rule municipality pursuant to the 1970 Illinois Constitution. The City is governed by an elected mayor and a City Council comprised of 14 aldermen. Two aldermen are elected from each of the City's seven wards for four-year terms. Mayoral elections are held every four years.

The City provides a full range of public services including: public safety (police, fire, emergency ambulance, and code enforcement), street and public infrastructure maintenance, sanitation, sanitary sewer collection, storm drainage, health and social services, culture and recreation, municipal planning and zoning, and general administrative services. Wastewater treatment service is provided by the Kankakee River Metropolitan Agency ("KRMA"), which is jointly

owned and operated by the City and the neighboring Villages of Bradley, Bourbonnais and Aroma Park. Water service is provided by Aqua Illinois Water Company, a private utility.

The City of Kankakee is located in Kankakee County, approximately 60 miles south of Chicago in the northeastern section of the State of Illinois. The City has recently extended its boundaries in a southerly direction through annexation. Since 1990, the area of the City has grown from 10.2 square miles to the current 14.5 square miles, an increase of 42% in land area. With a current population of 27,491 (2000 U.S. Census), the City acts as the industrial and service center for the Kankakee metropolitan area, operates as the center of a metropolitan populace of approximately 65,000 people, and is the county seat of Kankakee County, which has a population of 103,833 people.

### **The Kankakee River**

One of the City's greatest assets from an economic and recreational standpoint is the Kankakee River, which flows in a northwesterly direction through the middle of the City. At the point where it flows through the City, the river is about  $\frac{1}{4}$  of a mile wide. There are several City parks along the river's edge that provide opportunities for public fishing and boating activities. At the end of each summer, the City hosts a national speed boat racing championship on the river which draws many boaters and tourists to the area. The Kankakee River State Park, which covers an area of about 4,000 acres, is located about seven miles northwest of the City. The park attracts thousands of tourists to the area annually.

The Kankakee River serves as the source for the metropolitan region's drinking water supplied by Aqua Illinois, Inc., a private utility. The river has a dam close to the downtown area of the City. The water behind the dam powers a City owned low-head hydroelectric plant. The plant generates electricity that is used for the operation of the KRMA wastewater treatment plant.

### **Transportation**

The City is situated in the center of Kankakee County, which is contiguous to Will County on its northern border. One of the nation's major north-south routes, I-57, passes along the eastern side of the City. This interstate highway provides access to the heart of the City of Chicago in approximately one hour driving time. The City of Kankakee is about 30 miles south of I-80, a major national east-west highway connecting the east and west coasts of the nation.

The City's public road transportation needs are met by Greyhound bus line, as well as the region's metropolitan bus service. Railroads serving the County include Illinois Central Gulf (owned by Canadian National Railroad), Conrail (owned by Norfolk Southern), and Amtrak (provides passenger service). The Kankakee Valley Airport is located two miles south of the City and has hangar space for 110 aircraft. The airport is utilized by both general aviation aircraft and corporate planes.

## **Education**

Kankakee School District No. 111 provides educational services for pre-kindergarten through grade 12 with enrollment of approximately 5,169. One parochial school serves the Kankakee area. Higher education is available through Olivet Nazarene University (a four-year liberal arts college) in Bourbonnais, and Governor's State University, which is located about ten miles north of the county line in Will County (University Park). Olivet Nazarene University has increased its enrollment to the current level of 4,500, which includes 3,045 undergraduates. The number of students living on-campus has grown substantially from 1,100 in 1990 to 1,986 in 2008. The greatest enrollment growth has occurred at the graduate level, where the number of students has grown to the current level of approximately 1,494. Two year undergraduate education is offered at Kankakee Community College, located on a 160 acre campus in Kankakee. There are 3,521 students currently enrolled at the community college.

## **Internal Control Objectives and Inherent Limitations**

City of Kankakee management is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that sufficiently reliable information is compiled to provide for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of control should not exceed the benefits likely to be derived, the City of Kankakee's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Comptroller's Office is responsible for providing all centralized City financial services, including financial accounting, reporting, budgeting, payroll, collections, accounts payable, cash and investment management, and debt management. The Comptroller, who is appointed by the Mayor to supervise the department's operations, asserts that, to the best of his knowledge and belief, this financial report is complete and reliable in all material respects.

## **Budget Process**

The City of Kankakee adopts annual budgets for the General Fund, Band Fund, Park Fund, IMRF Fund, SSA#2 Fund, SSA#3 Fund, and SSA#5 Fund. For the other special revenue funds, legally authorized non-appropriated budgets are used to control expenditures on a project (or designated purpose) basis, and are carried forward each year until the project is completed or the grant award has been expended. No legally adopted budgets are prepared for the capital projects and debt service funds. Expenditures for capital project funds are controlled on a project basis. Expenditures for debt service funds are controlled through general obligation bonds' indenture provisions. Additional information related to the City's budget process can be found on page 82 of this report.

## **Long-term Financial Planning**

The City endorses the concept that those who benefit from the use of the City's capital assets should pay a proportionate share of the costs of those assets. The City has financed a host of capital projects (over \$47 million) in the past 16 years through the issuance of bonds. This allows the City to amortize the costs of the projects, at least to a degree, over the life of the constructed assets. The Capital Projects Fund, which provides the financing for major capital improvements over a multi-year basis, has been a useful tool to the City in planning for the replacement and enhancement of its infrastructure assets.

## **Major Initiatives and Economic Outlook**

Employment opportunities in the City are diverse. On the private side, several companies in the Kankakee metropolitan area are manufacturing divisions of Fortune 500 companies making a variety of products. Many of these industries compete in national and international markets. Major regional employers include Armstrong World Industries, Cognis Corporation, K-Mart and Sears Distribution Centers, Wal-Mart, Aventis Behring, Rohm & Haas, CIGNA Insurance Claims Processing Center, Baker and Taylor, Provena St. Mary's Hospital, Super K-Mart, Riverside Medical Center and Shapiro Developmental Center.

The Kankakee metropolitan area has benefited from the investment in commercial activity. In August 1990, Northfield Square opened on the outskirts of the City. Northfield Square is a sizable mall, and includes Sears, JC Penny, and Carson Pirie Scott anchor stores. Mall stores employ about 1,000 people. Several other stores and establishments that are nationally recognized have operations located in the area. They include Holiday Inn Express, Lees Inn, Fairfield Inn, Hampton Inn, Best Buy, Red Lobster, Pizza Hut, Pier 1 Imports, Lone Star Steak House, Cracker Barrel, TGI Fridays, Old Country Buffet, Target, Barnes & Noble Booksellers, Staples, and International House of Pancakes.

In 2003, the City initiated redevelopment at Exit 308 on the southern border of the City. The project initially brought a Hilton Garden Inn hotel/convention center complex (completed late Summer 2004). A Gas City service station, which includes Dunkin Donuts, Great American Hotdog, and Subway Sandwich shops, opened in December 2005. A Taco Bell/Kentucky Fried Chicken Restaurant opened in late 2007, and a WalMart Super Center opened for business in April 2008 in the project area. There is optimism that this project will act as an anchor for additional commercial and residential growth in south Kankakee.

In fiscal year 2000, the City entered into sales tax sharing agreements with various retail firms. These agreements have added a substantial amount of additional sales tax revenue to the City's General Fund. This tax sharing program is based on a company's willingness to site a purchasing and/or sales approval office within the boundaries of the City. The agreements provide that the City will share a portion of the local share of sales taxes that are generated on the transactions of the partnering companies.

The City's General Fund balance decreased \$0.9 million this fiscal year. A key factor in the decline in the General Fund balance was the national economic slowdown, which lead to a \$2.2 million decline in sales tax revenues from the prior year's actual receipts. Sales tax incentives, which closely correlate to the sales tax revenues, declined \$2.5 million over the same period.

Despite the decline in sales tax revenues, the City continues to benefit from the aforementioned sales tax incentive program, as it provided finances to allow the City to eliminate its COP's fee, which generated approximately \$0.5 million a year in revenue, during fiscal 2008. The City was also able to eliminate the vehicle license fee four years earlier as a result of the revenue produced by this program.

National economic conditions also resulted in declines in other General Fund revenue sources, including a \$0.2 million (6.8%) budget shortfall in utility taxes and a \$0.3 million (89.9%) shortfall in interest earnings. Revenue from fines and penalties was also short of budget by nearly \$0.3 million. It is not clear whether or not the shortfall of fines and penalties is related to the difficult economic conditions.

Although overall expenditures were \$4.1 million (9.2%) lower than budgeted, a large budget overage occurred in the General City Government - Other category, where expenditures exceeded budget by \$0.7 million (14.4%), primarily from the \$0.6 million unbudgeted charge for electric street and traffic lighting. The Utility pays for those costs on behalf of the City each year, and an annual transfer is recorded in the General Fund and the Utility Fund to record the cost and related payment. However, the City and Utility have chosen not to budget for this below the line transfer.

It has been the City's continued intention to increase the General Fund's reserves to a level of 2 to 3 months of spendable reserves, and the Fiscal 2009 budget did include a \$0.25 million planned increase in General Fund balance. However, as discussed above, national economic conditions have actually resulted in a \$0.9 million spend down of General Fund balance in the current year.

The City completed renovations to the former Library Building in July 2008, and that building now acts as the City Administration Building (Mayor, Clerk, Legal, Personnel, Comptroller, and Adjudication). The old City Hall was also renovated, and opened in April 2009 as the Public Safety Center. It houses the Police Department and the Fire Department Administration Division. City Council meetings are again being conducted in the Council Chambers of the Public Safety Center.

Other significant economic events during the past few years include the following:

- continued investments in infrastructure improvements (curb, gutter, sidewalk, and other capital improvements and additions) of over \$47 million throughout the City
- completion of the Wal-Mart Store, a new 200,000 square foot, \$10 mil. prototype super center store that employs between 350 to 500 people, located at Exit 308 of I57 adjacent to the new Hilton Gardens Hotel (opened April 2008);
- completion of a four-story parking garage at Riverside Hospital; additional expansion of the medical facilities for outpatient care and physician offices completed at a total estimated investment of \$24 million; Riverside Hospital recently announced its intention for expansion and modernization of its facility at an investment of up to \$65 million, to be completed by 2011
- addition of a \$9 million education and workforce training facility financed jointly by the Kankakee Community College and a state grant of \$1 million

- addition of a new office building for HomeStar Bank at Station and Dearborn Streets, completed in July 2008 at an investment of \$1.2 million
- replacement of the North Fifth Avenue bridge and roadway over Soldier Creek, financed in part by a \$0.5 million state grant
- addition of the new Kankakee County Jail and Sheriff Administration building on the south side of I57 near Exit 308
- historical restoration and preservation of the Station Street bridge over the Kankakee River at a cost of over \$2.4 million through a state grant (completed August 2006); the project won the American Public Works Association "Project of the Year" award for historical restoration and preservation in 2007
- expansion of the IKO Roofing manufacturing facility that employs 55 full time people, originally built at a cost of \$40 million in April 2006
- the relocation and expansion of the Jones International truck dealership on seven acres of land in the Eastgate Industrial Park from its previous Court Street operation at an investment of over \$1 mil., and retention of 12 jobs
- construction continues at Cognis Corp on a \$17 mil. expansion project that will serve to retain 280 jobs and will involve the relocation of a product line from a South Carolina facility
- addition of the Illinois Central Plaza park (including a water fountain) and Merchant Street Parking Lot, providing additional downtown parking, following the demolition of the aged former Carson Pirie Scott Building
- Kankakee Community College recently established an Adult Training Center in the downtown area
- Kankakee Community College completed construction of a \$9 mil. Arts and Sciences building
- the creation of a partnership between the City and the local newspaper company, the Daily Journal, and several sponsoring companies, to create an internet "Hot Spot" named Wi-fi Kankakee ([www.wifikankakee.com](http://www.wifikankakee.com)) to provide limited free and unlimited affordable internet services for residents, businesses, and visitors

Future economic activities include:

- a state and county cooperative study is being conducted to determine the feasibility of extending commuter rail service from Chicago; the completion of Phase I of the study determined the project is feasible, and local officials have now committed to funding \$300,000 for Phase II

- the Kankakee County Economic Alliance will be partnering with the City on a comprehensive land use study of the areas surrounding and connecting Provena St. Mary's Hospital and Riverside Medical Center for creation of a health care corridor
- the City and the Kankakee Development Corporation partnered to revamp the Lakota Group Downtown Plan that was created in 2000; the plan provides a framework for developers and businesses seeking to locate in the downtown area

### **Independent Audit**

Illinois Compiled Statutes require an annual audit of the City's books of account, financial records, and transactions by an independent certified public accountant. The Certified Public Accounting firm of Payne Groskreutz Schmidt Abraham & Eshleman performed the audit of the records of the City for the fiscal year ending April 30, 2009. Their report is included herein.

As a recipient of various federal and state financial assistance programs, the City of Kankakee is also required to have an annual audit of certain major federal grant programs performed under the OMB Circular A-133. This audit contains information concerning whether grant activity is presented fairly in the general purpose financial statements, whether internal control is sufficient to provide reasonable assurance that the grant funds are managed properly, and whether material grant compliance requirements have been met. The Federal Single Audit is also included in this report.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kankakee, Illinois for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2008. This was the twelfth consecutive year that the City of Kankakee has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

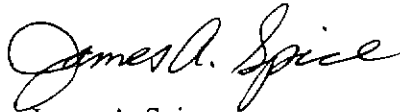
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgements**

Timely and fairly presented financial statements and reports are essential to legislative officials, creditors, financial analysts, the general public and others having need for government financial information. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff (Carolyn Deulen, Jeannette Holden, Maureen Kambic, Judy Lashley, Sandy Leppert, and Tamie Seedorf) of the Comptroller's Office. We especially appreciate their dependability and the routine manner in which they each consistently, effectively and accurately perform their work.

We would like to express our appreciation to the Mayor and City Aldermen for supporting this office's efforts to plan and conduct the City's financial operations in a responsible and progressive manner. We would also like to express our appreciation to the firm of Payne Groskreutz Schmidt Abraham & Eshleman for their professionalism, expertise, and assistance in the preparation of this report, with special appreciation to partners Stephen Schmidt, M.J. Abraham and Amy Eshleman, and auditors Dan Brough, Emily Bonvallet, Rebecca Schatz, and Ryan Williamson.

Respectfully submitted,

A handwritten signature in cursive script that reads "James A. Spice". The signature is written in dark ink and is positioned above the printed name and title.

James A. Spice  
Comptroller



**City of Kankakee, Illinois**  
**Officers and Officials**  
**April 30, 2009**

**Elected Officials**

**Mayor**

Donald E. Green (1993 – 2009)

**City Clerk**

Anjanita Dumas (2001 – 2009)

**Council Members**

**First Ward**

James R. Cox (1985 – 2011)

Leatha A. Coleman (2005 – 2009)

**Fifth Ward**

Hank Williams (2001 – 2009)

Sam Ciaccio (2003 – 2011)

**Second Ward**

JoAnne Schwade (1991 – 2011)

Cheryl Jones (2005 – 2009)

**Sixth Ward**

Dennis Baron (1987 – 2011)

Nina Epstein (2001 – 2009)

**Third Ward**

Stephen Linneman (2008 – 2011)

Richard Diersen (2000 – 2009)

**Seventh Ward**

Steven Hunter (1973 – 2009)

P. Carl Brown (2001 – 2011)

**Fourth Ward**

Kenneth Hearn (1997 – 2009) deceased

Danita Grant Swanson (2003 – 2011)

**Appointed Officials**

Michael Kinkade

Police Chief

Chris Bohlen

Chief Legal Counsel

Ronald Young

Fire Chief

L. Patrick Powers

City Attorney

Bert Dear

Public Works Superintendent

Kenneth A. Leshen

Assistant City Attorney and Treasurer

David Tyson

City Engineer

James Gordon

Personnel Director

Larry Nolan

Community Development Director

Ercole Shaw

Director, Code and Planning

Richard Simms

Municipal Utility Superintendent

James A. Spice

Comptroller

Steve Bertrand

Acting Director, Library

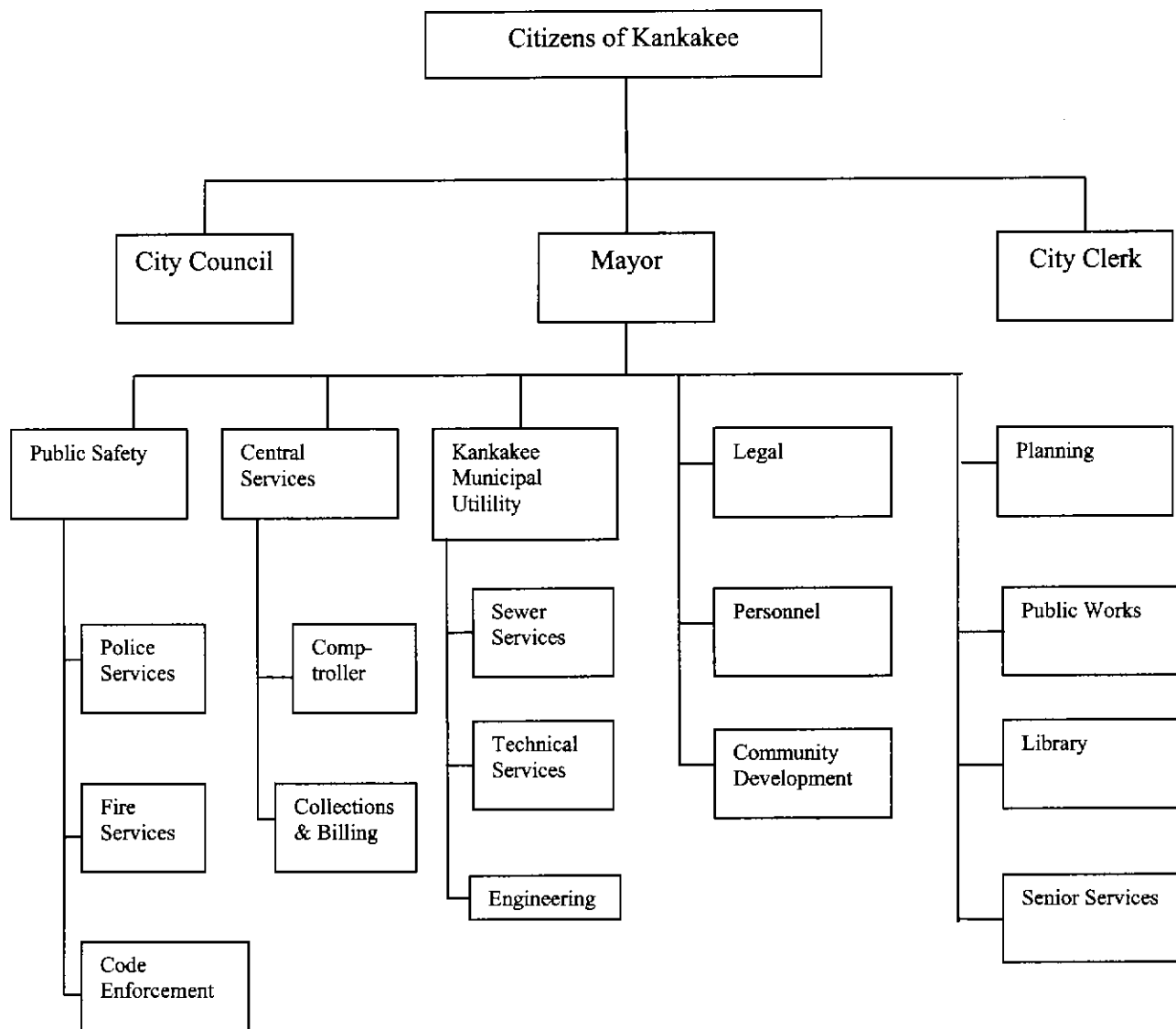
Julie Herscher

Senior Services and Victim's

Assistance Director

# City of Kankakee, Illinois

## Organizational Structure



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kankakee  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
April 30, 2008

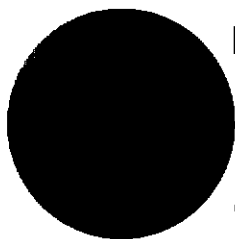
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

## **FINANCIAL SECTION**



**PAYNE  
GROSKREUTZ  
SCHMIDT  
ABRAHAM  
& ESHLEMAN**

**PARTNERS**

Larry D. Groskreutz, C.P.A.  
Stephen P. Schmidt, C.P.A.  
M.J. Abraham, C.P.A.  
Amy Eshleman, C.P.A.

ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Kankakee, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the

**CITY OF KANKAKEE, ILLINOIS**

as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Kankakee, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois, as of April 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Fax: (239) 598-4732

Streator  
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Streator, Illinois, 61364  
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Cullom, Illinois 60929  
Phone: (815)-689-2174  
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In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of the City of Kankakee, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kankakee, Illinois' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Kankakee, Illinois. The combining and individual nonmajor fund financial statements and supplemental schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Payne, Groskreutz, Schmidt, Abraham & Eshleman

October 30, 2009



Comptroller  
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Kankakee, Illinois 60901  
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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**APRIL 30, 2009**

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The City of Kankakee (the "City") is pleased to present its Management's Discussion and Analysis (MD&A) related to the City's financial information for the fiscal year ended April 30, 2009. The MD&A serves as an introduction to the City's basic financial statements and is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position (its ability to address subsequent years' challenges), 4) identify any material deviations from the financial plan (the approved budget), and 5) identify individual fund issues or concerns.

The City, in accordance with generally accepted accounting principles, presents its financial statements with two perspectives of its financial position and results of operations. The government-wide perspective presents financial information for the government as a whole. The fund perspective involves the presentation of financial information for individual accounting entities established by the City for specific purposes. The focus of the fund statements is on major funds. Both perspectives (government-wide and major fund) address likely user questions, provide a broad basis for comparison (year-to-year or government-to-government), and enhance the City's accountability.

Since this MD&A is designed only as an overview of the current fiscal year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's basic financial statements (beginning on page 16).

## **GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements provide readers with a broad, long-term view of the City's finances, and further distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide statements are a consolidation of all of the City's funds with the exclusion of financial information related to the fiduciary funds. The government-wide financial statements can be found on pages 16-18 of this report.

The governmental activities of the City include public safety (police, fire, and code enforcement), public works, highways and streets, culture and recreation, economic development, and general administrative services. The business-type activities of the City include sewer collection and treatment services, solid waste (trash) collection services, electric services (including production, transmission, and delivery of electric power), and parking operations.

The City also includes information for two separate legal entities in its report, the City's Public Library and its Special Service Area #1. Although legally separate, these "component units" are important because the City is financially accountable for them. Financial information for these component units is reported separately in this report from the financial information presented for the primary government itself.

## STATEMENT OF NET ASSETS

The focus of the Statement of Net Assets is to report the City's governmental and business-type activities in a "bottom-line" manner similar to private-sector business. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

For the City of Kankakee, assets exceeded liabilities for the total primary government by \$38.4 million at April 30, 2009. The following table presents a condensed, comparative Statement of Net Assets:

**Table 1: Statement of Net Assets as of April 30, 2009 and 2008 (in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Assets</b>						
Current and Other Assets	\$ 39.3	\$ 40.2	\$ 5.6	\$ 5.6	\$ 44.9	\$ 45.8
Capital Assets	<u>86.3</u>	<u>75.7</u>	<u>27.9</u>	<u>28.0</u>	<u>114.2</u>	<u>103.7</u>
<b>Total Assets</b>	<b>\$ 125.6</b>	<b>\$ 115.9</b>	<b>\$ 33.5</b>	<b>\$ 33.6</b>	<b>\$ 159.1</b>	<b>\$ 149.5</b>
<b>Liabilities</b>						
Long-term Debt Outstanding	\$ 92.7	\$ 74.2	\$ 3.4	\$ 6.4	\$ 96.1	\$ 80.6
Other Liabilities	<u>24.4</u>	<u>25.7</u>	<u>0.3</u>	<u>0.4</u>	<u>24.7</u>	<u>26.1</u>
<b>Total Liabilities</b>	<b>\$ 117.1</b>	<b>\$ 99.9</b>	<b>\$ 3.7</b>	<b>\$ 6.8</b>	<b>\$ 120.8</b>	<b>\$ 106.7</b>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Debt	\$ 45.3	\$ 40.7	\$ 24.9	\$ 22.0	\$ 70.2	\$ 62.7
Restricted	10.8	8.9	2.2	1.1	13.0	10.0
Unrestricted	<u>(47.5)</u>	<u>(33.6)</u>	<u>2.6</u>	<u>3.7</u>	<u>(44.9)</u>	<u>(29.9)</u>
<b>Total Net Assets</b>	<b>\$ 8.6</b>	<b>\$ 16.0</b>	<b>\$ 29.7</b>	<b>\$ 26.8</b>	<b>\$ 38.3</b>	<b>\$ 42.8</b>

(Note: There may be some slight differences in totals due to rounding)  
For more detailed information, see the Statement of Net Assets (page 16).



***Governmental Activities – Statement of Net Assets highlights***

Net assets from governmental activities decreased \$7.3 million (45.9% to FY'09 balance of \$8.6 million), total assets increasing \$9.9 million and total liabilities increasing \$17.2 million, as a result of the following major shifts in assets and liabilities:

- non-depreciable capital assets increased by \$6.3 million (59.8% to FY'09 balance of \$16.9 million), reflecting expenditures for capital projects; certain of those projects, because they are not completed, are carried as non-depreciable assets; most of those projects will be reclassified as depreciable assets when the respective projects are completed
- depreciable assets increased \$4.3 million (6.7% to FY '09 balance of \$69.4 million) as the City completed several capital improvements (listed later in this report)
- due from other governments decreased \$1.0 million (14.0% to FY '09 balance of \$6.3 million), most of the decrease coming from a reduction in sales tax revenues in the slower economy
- accounts payable decreased \$1.9 million (20.0% to FY '09 balance of \$7.5 million); the economic slowdown resulted in a reduction in sales tax incentive accruals
- long-term liabilities increased \$18.5 million (24.9% to FY '09 balance of \$92.7 million) as the City issued \$17.3 million in bonds to finance public infrastructure improvements (\$15.2 million to finance general City infrastructure improvements, and \$2.1 million to finance projects for the Kankakee Municipal Utility (KMU)), the City expended \$3.6 million to retire existing debt, and the City issued \$15.1 million in bonds to refund several existing bond issues in the amount of \$14.7 million to restructure debt service amortization and to realize current savings; approximately \$4.0 of the refinancing resulted in GO debt replacing sewer revenue bonds

***Business-Type Activities – Statement of Net Assets Highlights***

The business-type activities columns present financial information for the Kankakee Municipal Utility and the Motor Vehicle Parking Lot. Motor Vehicle Parking Lot total net assets represent about 5.1% of the total assets of business-type activities, and revenues less than 0.1% of the total business-type revenue, so although the Motor Vehicle Parking Lot is included in the total of the above chart to facilitate comparison to the Statement of Net Assets, it is an insignificant factor in the analysis of these activities.

Total net assets for the business-type activities increased \$2.9 million (10.8% to FY'09 balance of \$29.7 million), with total assets decreasing \$0.2 million and total liabilities decreasing \$3.1 million, as a result of the following major shifts in assets and liabilities:

- total cash, which includes cash and investments, restricted cash and investments, and other restricted cash and investments (non-current assets) increased \$0.3 million (10.9% to FY'09 balance of \$2.6 million), although the individual cash categories show larger fluctuations
- both short- and long-term liabilities decreased, \$0.4 million and \$2.6 million (63.0% and 45.6%) respectively, to FY '09 balances of \$0.2 and \$3.2 million respectively), primarily as a result of refunding the 1999A revenue bonds (the revenue bonds were refunded with GO bonds, so the liability for the refunding bonds is now carried in the Capital Projects Fund), and normal annual amortization of debt
- non-depreciable capital assets increased \$0.8 million (31.9% to FY'09 balance of \$3.1 million) as work continued on the rebuilding of the electric hydro plant generators (\$0.5 million spent in FY '09) and on construction of the Indian Meadows force main and pump station (\$0.2 million spent in FY '09)
- depreciable assets decreased \$0.9 million (3.5% to FY'09 balance of \$24.8 million), reflecting normal annual depreciation

- investment in the Utility's joint venture decreased \$0.3 million (40.4% to FY'09 balance of \$0.4 million), reflecting the Utility's share of the \$0.5 million loss by the Kankakee River Metropolitan Agency (the sewer treatment facility)

#### ***Component Units – Statement of Net Assets Highlights***

The City includes two separate legal entities in its report, the Kankakee Public Library and the Special Service Area No. 1 (SSA #1). Although legally separate, these "component units" are important because the City is financially accountable for them. One component unit, the Kankakee Public Library, comprises over 87% of the total assets for the component units. The increase in the component units' net assets was \$0.4 million (8.7% to FY'09 balance of \$4.9 million), primarily as a result of City contributions toward the fourth floor expansion of the Library and City contributions toward the downtown infrastructure improvements (sidewalks and streets) managed by SSA# 1.

### **STATEMENT OF ACTIVITIES**

The Statement of Activities presents information that indicates how the City's net assets changed as a result of operations during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

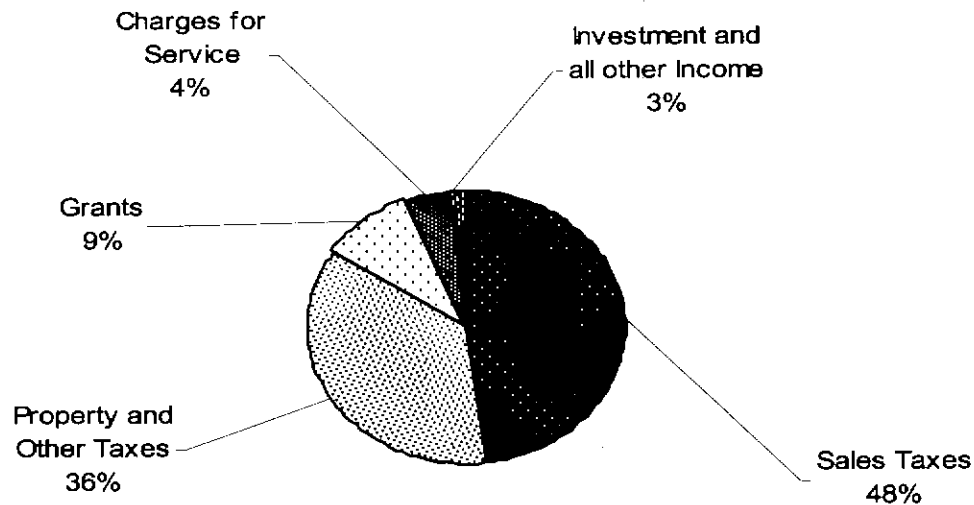
Sales taxes contribute significantly to the City's General Fund revenues (over 48% of current year revenues from Governmental Activities are from sales taxes), due to a sales tax sharing incentive program that the City implemented in fiscal 2000. With this program, the City returns a substantial portion of the sales tax generated from the program to the program participants as an economic development incentive. Although gross sales taxes decreased about \$2.2 million from the prior year, surprisingly, the net sales taxes increased from the prior year. The City does not have access to information that would source the non-incentive sales tax revenue, but it appears that some of the retail growth that occurred recently in the City (in particular, the new WalMart Store on the south side of town) is starting to positively impact the City's sales tax revenues. The following table illustrates the change in gross and net sales tax revenue over the past eight fiscal years:

**Table 2: Sales taxes and incentives**

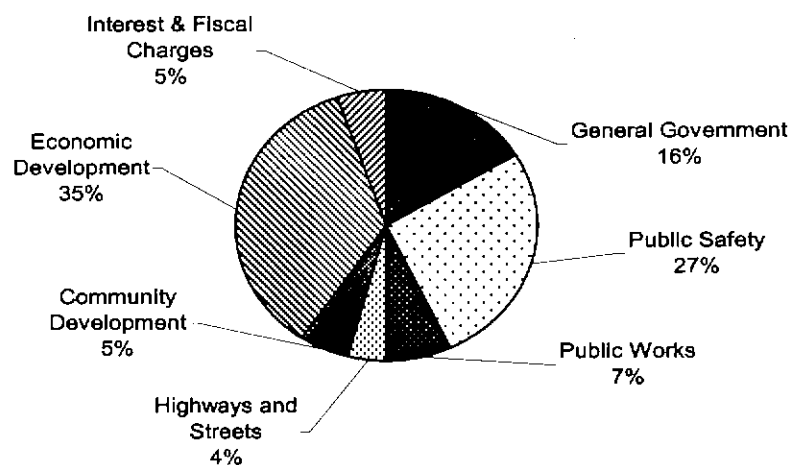
<b>Fiscal Year</b>	<b>Gross Accrued Amount Received</b>	<b>less Incentives Paid</b>	<b>Net Sales Tax</b>	<b>\$ Change</b>	<b>Percent Change</b>
2002	4,578,964	1,588,129	2,990,835	747,278	33.3%
2003	8,881,076	5,237,343	3,643,733	652,898	21.8%
2004	14,998,857	10,701,236	4,297,621	653,888	17.9%
2005	22,351,192	17,066,791	5,284,401	986,780	23.0%
2006	25,107,826	18,938,693	6,169,133	884,732	16.7%
2007	23,695,013	17,678,395	6,016,618	(152,515)	-2.5%
2008	26,611,558	20,109,951	6,501,607	484,989	8.1%
2009	24,419,114	17,617,181	6,801,933	300,326	4.6%

The following charts graphically illustrate the composition of the City's revenues and expenses from governmental activities:

**Chart 1: Composition of revenues from governmental activities**



**Chart 2: Composition of expenses from governmental activities**



The following Statement of Activities table compares the revenues and expenses for the current and most recent fiscal years for the City's governmental and business activities, and the resulting changes in net assets:

**Table 3: Statement of Activities for the Fiscal Years Ended April 30, 2009 and 2008 (in millions)**

	<b>Governmental Activities</b>			<b>Business-type Activities</b>			<b>Total Primary Government Activities</b>		
	<b>2009</b>	<b>2008</b>	<b>Change</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>
<b>Program Revenues</b>									
Charges for Service	\$ 2.3	\$ 2.1	\$ 0.2	\$ 10.0	\$ 8.8	\$ 1.2	\$ 12.3	\$ 10.9	\$ 1.4
Capital grants/ contributions	0.7	6.9	(6.2)		0.0		0.7	7.0	(6.2)
Operating grants/ contributions	4.0	3.5	0.5				4.0	3.5	0.5
<b>General Revenues</b>									
Property taxes	11.4	10.7	0.7				11.4	10.7	0.7
Sales taxes	24.4	26.6	(2.2)				24.4	26.6	(2.2)
Utility taxes	3.4	3.5	(0.1)				3.4	3.5	(0.1)
Other taxes	3.6	3.8	(0.1)				3.6	3.8	(0.1)
Intergovernmental	0.1	0.1	-				0.1	0.1	-
Investment Income	0.4	0.9	(0.6)	0.0	0.1	(0.1)	0.4	1.1	(0.7)
Special assessments	0.3	-	0.3				0.3	-	0.3
Other	0.3	0.1	0.2	(0.0)	0.1	(0.1)	0.3	0.2	0.1
<b>Total Revenues</b>	<b>50.8</b>	<b>58.2</b>	<b>(7.4)</b>	<b>10.0</b>	<b>9.1</b>	<b>0.9</b>	<b>60.8</b>	<b>67.3</b>	<b>(6.5)</b>
<b>Program Expenses</b>									
General government	8.6	6.2	2.5				8.6	6.2	2.5
Public safety	14.2	13.6	0.6				14.2	13.6	0.6
Public works	3.6	2.5	1.1				3.6	2.5	1.1
Highways and streets	2.2	7.2	(5.0)				2.2	7.2	(5.0)
Community development	2.5	1.8	0.7				2.5	1.8	0.7
Culture and recreation	0.3	0.1	0.2				0.3	0.1	0.2
Economic development (net)	18.8	23.5	(4.7)				18.8	23.5	(4.7)
Interest and fiscal charges	2.8	2.3	0.6				2.8	2.3	0.6
Proprietary fund expenses	-	-	-	12.2	9.6	2.6	12.2	9.6	2.6
<b>Total Expenses</b>	<b>53.2</b>	<b>57.1</b>	<b>(3.9)</b>	<b>12.2</b>	<b>9.6</b>	<b>2.6</b>	<b>65.4</b>	<b>66.7</b>	<b>(1.3)</b>
<b>Changes In Net Assets before Transfers</b>	<b>(2.4)</b>	<b>1.1</b>	<b>(3.5)</b>	<b>(2.2)</b>	<b>(0.5)</b>	<b>(1.7)</b>	<b>(4.6)</b>	<b>0.6</b>	<b>(5.1)</b>
<b>Transfers</b>	<b>(4.9)</b>	<b>(0.0)</b>	<b>(4.9)</b>	<b>4.9</b>	<b>0.0</b>	<b>4.9</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Changes In Net Assets</b>	<b>(7.3)</b>	<b>1.1</b>	<b>(8.4)</b>	<b>2.8</b>	<b>(0.5)</b>	<b>3.2</b>	<b>(4.6)</b>	<b>0.6</b>	<b>(5.1)</b>

(Note: There may be some slight differences in totals due to rounding)

For more detailed information, see the Statement of Activities (page 17 - 18)

***Governmental Activities – Statement of Activities Highlights***

Total revenues from governmental activities for the fiscal year ended April 30, 2009 totaled \$50.8 million, a decrease of \$7.4 million (12.7%) from the prior fiscal year. The major revenue changes included the \$6.2 million (89.5%) decrease in capital grants and contributions, and the \$2.2 million (8.2%) decrease in gross sales taxes. The significant decline in capital grants from the prior fiscal year (consisting of \$2.5 million toward the City's renovation of the Old Library Building that became the City Administration Building and the Court Street Streetlight project, \$1.9 million for the Station Street and 5<sup>th</sup> Avenue bridges, and developer contributions of \$2.5 million related to the Indian Meadows project) were due to the one-time nature of the prior year projects. The City was able to acquire two fire engines with a \$0.5 million federal grant. The decline in sales tax revenues is reflective of the local and national economy. Investment income decreased \$0.6 million (61.9%) primarily as a result of lower interest rates in the current economy.

Operating grants and contributions totaled \$4.0 million, an increase of \$0.5 million (14.0%) over the prior fiscal year. The City continues to benefit by various operating grant funds (CDBG, Home, Lead, and Home Mod).

Property taxes of \$11.4 million, comprising 22.5% of governmental activities revenue, increased \$0.7 million (6.6%), primarily from increased levies for the Police and Fire Pensions and debt service, and increases in assessed values from new development in the TIF#8 (Exit 308) TIF district. Property tax rates are affected by the assessed value of property in the City. Assessed values are growing, albeit at a slower rate during the most recent year (see chart below).

**Table 4: Equalized Assessed Valuations**

<u>Levy Year</u>		<u>Total</u>	<u>Increase</u>	<u>% Increase</u>
2001	\$	219,866,912		
2002		225,445,538	\$ 5,578,626	2.5%
2003		228,353,812	2,908,274	1.3%
2004		229,476,246	1,122,434	0.5%
2005		247,167,843	17,691,597	7.7%
2006		266,311,138	19,143,295	7.7%
2007		284,408,370	18,097,232	6.8%
2008		287,260,361	2,851,991	1.0%

Expenditures from governmental activities totaled \$53.2 million this fiscal year, a decrease of \$3.9 million (6.9%) from the prior fiscal year. Highways and Streets expenses decreased \$5.0 million (69.4%) as the capital projects work for highways and streets was at a much slower rate than the prior fiscal year. The national economic slowdown partly resulted in the decrease in Economic Development expenses of \$4.7 million (19.9%); \$1.7 million of the decline is from sales tax incentive costs, which correlate closely to the decline in sales tax revenue collections, and \$3.0 million of the decline is from TIF related incentives as most of the work was completed on the TIF#8 Exit 308 project last year.

Expenses in the General Government category increased \$2.5 million (39.6%), primarily from an increase in the amount of capital expenditures this year. Expenses in the Public Works category increased \$1.1 million (45.3%), reflecting higher fuel costs and higher costs to dispose of the City's

solid waste collections. Other expenditure categories reflect normal wage, other inflationary increases, and changing priority patterns. Overall, expenses from governmental activities exceeded revenues by \$2.4 million, compared to governmental revenues exceeding expenses by \$1.0 million during the prior fiscal year.

The \$4.9 million in net transfers from governmental activities to business-type activities areas were primarily from the Capital Projects Fund transfer of \$2.0 million to the Kankakee Municipal Utility Fund (KMU) to provide for Utility Fund capital improvements, the Debt Service Fund transfer of \$3.8 million to the KMU to provide for the refunding of the Utility Fund's Series 1999A Revenue Bonds, and the KMU transfer of \$0.7 million to the General Fund to provide for payments in arrears to the Debt Service Fund for the 1992A General Obligation Bond.

#### ***Business-Type Activities – Statement of Activities Highlights***

Business-type activities include the sewer, solid waste, and electric production and distribution utilities and the parking fund. Because parking fund revenues comprise less than 0.1% of total revenues, the parking fund will not be separately addressed in this analysis. Total revenues from business-type activities were \$10.0 million, a \$1.2 million (13.4%) increase over the prior year. Industrial sewer revenues increased \$0.4 million (8.9% to fiscal year total of \$4.8 million), residential sewer revenues increased \$0.2 million (9.9% to fiscal year total of \$2.5 million), and solid waste revenues increased \$0.7 million (44.2% to fiscal year total of \$2.2 million). The revenue increases were directly related to the Utility increasing the sewer charge 4.8%, and the solid waste charge 51.6%.

Equity interest in the Utility's joint venture resulted in a loss to the Kankakee Municipal Utility in the amount of \$0.3 million. The joint venture is in the Kankakee Municipal Regional Agency, which operates the sewer treatment plant.

Total Utility expenses were \$12.2 million, an increase of \$2.6 million (27.1%) over the prior fiscal year. Of that total, \$1.5 million was the charge taken as a loss on the early retirement of debt from the refunding of the 1999A revenue bonds. That loss was being amortized over the life of the bonds, and was fully amortized with the refunding of the revenue bonds this fiscal year. Another \$0.5 million of the increase in expenses came from the cost of sewerage treatment (from \$2.3 to \$2.8 million), and \$0.4 million from the cost of solid waste disposal (from \$1.5 to \$1.9 million). Increases in the costs for contractual services, employer taxes, and personnel comprised most of the other increases. Transfers were addressed in the previous section addressing governmental-type activity highlights.

#### ***Component Unit Activities – Statement of Activities Highlights***

Component unit revenues increased \$0.1 million (6.8%), while expenses increased \$0.2 million (14.8%) during the fiscal year. Most of the revenue increases were to the Library's portion of property taxes. The revenue increases allowed the Library to expand its services to its patrons. The greatest growth in expenses, \$0.1 million (150.3%), was attributable to the SSA#1 as the City and SSA#1 partnered on making improvements in the downtown area. The City partnered with the Special Service Area #1 (SSA#1) to improve the downtown area, reimbursing SSA#1 for a portion (\$0.2 million) of its capital improvements. The City also partnered with the Library to add a floor to the facility by assuming the cost of the capital improvements in the amount of \$0.2 million.

### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the

funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The proprietary funds are accounted for as the business-type activities, and those financial statements do not change as fund financial statements. The financial statements for the City's two fiduciary funds are combined in the initial presentation, are displayed separately in the Combining and Individual Fund Financial Statements and Supplemental Schedules section (see pages 112-113), and do not otherwise change as fund financial statements.

Because the focus of governmental funds financial statements is on near-term inflows and outflows (sources and uses) of financial resources, on balances of the City's financial resources available at the end of the fiscal year, and on the City's budgeting compliance associated with the financial sources and uses, the financial statements for those funds are presented in a different format a second time.

Because the focus of governmental funds is near-term, it can be useful to compare the fund statements to the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation (pages 20 and 22) to facilitate this comparison between amounts reported in governmental funds and governmental activities.

The City maintained 35 individual governmental funds during fiscal 2009. Information for the City's major funds (General Fund and Capital Projects Fund) is presented separately in the Governmental Fund Balance Sheet (page 19) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (page 21). Financial information for the other 33 non-major governmental funds is combined into a single, aggregated presentation in the form of combining statements in the Combining and Individual Fund Financial Statements and Supplemental Schedules section (beginning on page 90) of this report.

### **Financial Analysis of the City's Governmental Funds**

For the fiscal year ended April 30, 2009, the Governmental Funds reflect a combined fund balance of \$13.7 million, for almost no change for the fiscal year. Major changes within the individual funds are analyzed below. Of the total fund balance for all governmental funds, \$0.7 million (4.8%) is unreserved, indicating availability for continuing City services. Reserved fund balances include amounts for prepaid items, inventories, debt service, unexpended street maintenance programs, economic development, and capital projects.

### **Analysis of Balances and Transactions of Individual Funds**

The fund balance of the General Fund decreased \$0.9 million (29.0% to FY'09 total of \$2.2 million). As mentioned in the Statement of Governmental Activities section above, sales tax revenues, which comprised 63.5% of the current year's General Fund revenue, declined \$2.2 million from the prior year's actual receipts (\$5.7 million [18.9%] less than budgeted). Sales tax incentives, which closely correlate to the sales tax revenues, declined \$2.5 million from the prior year (\$5.3 million [23.1%] less than budgeted). The decline in sales tax revenues and the related decline in sales tax incentives appear to be directly related to the national economic slowdown.

The economic slowdown also resulted in declines in other revenue sources, including a \$0.2 million (6.8%) budget shortfall in utility taxes and a \$0.3 million (89.9%) shortfall in interest earnings.

Revenue from fines and penalties was also short of budget by nearly \$0.3 million. It is unclear whether or not the shortfall of fines and penalties is related to the difficult economic conditions.

Although overall expenditures were \$4.1 million (9.2%) less than budgeted, a large budget overage occurred in the General City Government - Other category, where expenditures exceeded budget by \$0.7 million (14.4%), primarily from the \$0.6 million unbudgeted charge for electric street and traffic lighting. The Utility pays for those costs on behalf of the City, and an annual transfer is recorded in the General Fund and the Utility Fund to record the cost and related payment. However, the City and Utility have chosen not to budget for this below the line transfer.

It has been the City's continued intention to increase the General Fund's reserves to a level of 2 to 3 months of spendable reserves, and the Fiscal 2009 budget did include a \$0.25 million planned increase in General Fund balance. However, as discussed above, the City did spend down the General Fund balance in the current year by \$0.9 million, due in large part to the national economic conditions.

The City issued \$17.1 million of new money bonds through the Capital Projects Fund, \$6.9 million in May 2008, and \$10.2 million in April 2009 to provide financing for various City capital projects. Of the total bonds issued in April, \$2.0 million of cash was transferred to the Utility to provide for its capital improvement projects. The City also issued \$15.1 million of refunding bonds in April 2009 in order to restructure a portion of its GO and Utility revenue debt and to realize present value savings.

The Capital Projects Fund expended \$13.5 million toward various capital projects. Capital Projects Fund expenditures included \$1.5 million in various street improvements (Wall St., Cobb Blvd., and Northland Ind. Prk. Rds), \$7.7 million for the Public Safety Building and parking lot improvements, \$1.0 million for additional Indian Meadows Subdivision improvements, \$1.6 million toward additional Court St. ornamental lighting improvements, and \$0.5 million toward additional City Administration Building and parking lot improvements.

The City expended nearly \$1.7 million for capital and maintenance improvements through its Motor Fuel Tax (MFT) Fund. Revenues in MFT decreased \$1.8 million (64.7%), reflecting the reduction in grant-related expenditures. The various TIF funds expended \$1.2 million toward their projects, a decrease of \$2.9 million (70.7%) from the previous year, as most of the roadways and infrastructure costs were completed in the prior fiscal year in the TIF#8 (Exit 308) Fund.

### **General Fund Budgetary Highlights**

The City adopts an annual appropriated budget for the General, Band, Park, IMRF, Special Service Area No. 2, Special Service Area No. 3, and Special Service Area No. 5 funds. The procedures used to control expenditures of the other governmental funds are explained further in Note 1, Budgetary Accounting on page 82. As noted above, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. A table presenting budgetary highlights for the City's General Fund is provided below.

The General Fund revenue and expenditure budgets were not amended during the fiscal year. As noted in the analysis of the General Fund in the above section, the economic slowdown took its toll on the City's sales tax revenues, its utility tax revenues, and its interest earnings. Fortunately, the sales tax incentives had a somewhat offsetting effect by contributing to a decline in the sales tax incentives paid.

Because of its awareness of the national economic conditions, the City did enact several measures to control its spending. But as shown, the City ended the year by an unplanned spend down of fund



balance in the General Fund. A summary comparison of the General Fund budget to actual results can be found on page 81, and a more detailed comparison can be found on pages 90-92. Interfund transfers are detailed in Footnote 13 on pages 72-73. Other individual budget variances were less than \$0.2 million each, and were not further analyzed in this MD&A.

**Table 5: General Fund Budgetary Highlights**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over/(Under) Final Budget</b>
Revenues	\$ 45,032,504	\$ 45,032,504	\$ 38,439,562	\$ (6,592,942)
Expenditures	<u>44,839,203</u>	<u>44,839,203</u>	<u>40,726,997</u>	<u>(4,112,206)</u>
Excess of Revenues over Expenditures	<u>\$ 193,301</u>	<u>\$ 193,301</u>	<u>\$ (2,287,435)</u>	<u>\$ (2,480,736)</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 600,000	\$ 600,000	\$ 1,857,711	\$ 1,257,711
Transfers to other funds	<u>(479,301)</u>	<u>(479,301)</u>	<u>(470,278)</u>	<u>9,023</u>
Net Changes in Fund Balance	<u>\$ 314,000</u>	<u>\$ 314,000</u>	<u>\$ (900,002)</u>	<u>\$ (1,214,002)</u>

#### **CAPITAL ASSETS**

The following table summarizes the City of Kankakee capital assets (in millions, net of depreciation) for the current and prior fiscal years:

**Table 6: Capital Asset Highlights (net of depreciation) for the fiscal years ended April 30, 2009 and 2008 (in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 5.7	\$ 5.5	\$ 1.7	\$ 1.7	\$ 7.4	\$ 7.2
Construction in progress	11.3	5.0	1.4	0.7	12.7	5.7
Buildings	6.0	2.3	7.0	7.3	13.0	9.6
Equipment	0.4	0.4	0.5	0.6	0.9	1.0
Vehicles	2.9	2.0	0.1	0.1	3.0	2.1
Land improvements	1.7	1.4	-	-	1.7	1.4
Leasehold improvements	-	-	0.2	0.2	0.2	0.2
Infrastructure	<u>58.5</u>	<u>59.0</u>	<u>16.9</u>	<u>17.5</u>	<u>75.4</u>	<u>76.5</u>
Total Capital Assets, net	<u>\$ 86.5</u>	<u>\$ 75.6</u>	<u>\$ 27.8</u>	<u>\$ 28.1</u>	<u>\$ 114.3</u>	<u>\$ 103.7</u>

Additional information on the City's capital assets can be found in Note 6 on pages 56-58.

The City's investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, equipment, vehicles, leasehold improvements, and infrastructure (roads, sidewalks, curbs, gutters, and bridges). The City's total combined investment in capital assets for fiscal 2009 increased by \$10.5 million to \$114.3 million (net of accumulated depreciation). Governmental activities capital assets increased \$10.7 million (14.1%), and business-type capital assets decreased \$0.3 million (0.1%).

Most of the increase occurred in the construction in progress category, an increase of \$6.2 million (123.3%) in governmental activities, and an increase of \$0.7 million (114.7%) in business-type activities. Specific major capital asset events during the 2009 fiscal year included the following:

- an additional expenditure of \$0.5 million to the Old Library Building and the adjacent parking lot; the building reopened in July 2008 as the new City Administration Building
- \$7.7 million in renovations to the Old City Hall and the adjacent parking lots; the building reopened in mid April 2009 as the Public Safety Center
- an additional \$1.6 million was expended for the Court Street ornamental lighting project
- an additional \$0.5 million was expended for rebuilding three hydro electric turbines

### LONG-TERM DEBT

At year end, the City had \$76.4 million of principal in bonds outstanding versus \$61.5 million the prior year, an increase of \$14.9 million (24.2%) as shown in the following table:

**Table 7: Debt Highlights for the fiscal years ended April 30, 2009 and 2008 (in millions, as adjusted for premiums and deferred losses)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
General obligation bonds	\$ 73.4	\$ 55.5			\$ 73.4	\$ 55.5
Revenue Bonds			\$ 3.0	\$ 6.0	3.0	6.0
Installment notes	3.5	3.7			3.5	3.7
Unfunded employer pension contributions	11.2	10.9			11.2	10.9
Compensated absences	4.5	4.2	0.4	0.4	4.9	4.6
Net other post employment benefit obligations	0.1	-	-	-	0.1	-
Total Debt	\$ 92.6	\$ 74.3	\$ 3.4	\$ 6.4	\$ 96.0	\$ 80.7

Additional information related to the City's long-term debt can be found in Note 11 on pages 62-71.

The City issued \$17.1 million of new money bonds in the Capital Projects Fund, \$6.9 million in May 2008, and \$10.2 million in April 2009 to provide financing for various City capital projects. Of the total April 2009 bonds issued, \$2.0 million of cash was transferred to the Utility to provide for its capital improvement projects. The City also issued \$15.1 million of refunding bonds in April 2009 in order to restructure its debt and to realize present value savings. The City retired \$3.6 million in general obligation debt and \$0.6 million in revenue bond debt through the normal annual amortization of debt.

The City, under its home rule authority, does not have a legal debt limit. The City had not had an underlying public rating for several years, but achieved a Standard and Poors rating of A beginning in 2006. The City received an insured rating from Standard and Poors of Aaa on all of the bonds issued this year. The City anticipates issuing additional bonds in the near future.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City worked hard to develop a sound General Fund budget for this fiscal year in the face of the national economic slowdown. The City is taking steps to increase fees in targeted areas in order to maintain the currently provided services and to balance its budget. The City has been reviewing its General Fund finances on a monthly basis to assure that it appropriately responds to the challenges posed by national economic conditions.

The City of Kankakee recently approved a new gas utility tax to supplement its municipal utility tax on gas service to establish parity among the community's gas utility users. That tax will take effect for gas used starting the month of September 2009. The Utility increased sewer rates beginning May 1, 2009 by 4.8% to a rate of \$3.03/100 cubic feet of water used. The Utility plans to increase solid waste charges by 25.5% to a monthly rate of \$29.50 per month for residential waste collection beginning in September 2009. The Utility plans an additional 7.3% increase (to \$3.25/100 cubic feet of water used) to the sewer rate beginning October 2009. The increased solid waste revenues will be used to cover costs incurred by the General Fund to collect and dispose of solid waste. The General Fund had absorbed most of the costs for solid waste disposal over the years, but is no longer able to maintain that practice.

The City will face on-going contractual wage increases, increases in employer contributions for pensions, and increases in other operating costs for the coming year. The City General Fund projected a breakeven budget for fiscal 2010.

The unemployment rate (not seasonally adjusted) for the County and the City for August 2009 was 12.5% and 16.3% respectively, compared to the 8.8% and 12.0% rate for the County and City respectively for calendar 2008. The local economy continues to reflect the national economic conditions. The City continues to monitor its revenue and expenses to determine when it might need to implement additional strategies to respond to the challenges created by the realities of the economic slowdown.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our Mayor, legislators, managers, citizens, customers, investors, and creditors with a general overview of the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to James A. Spice, Comptroller, City of Kankakee, 304 South Indiana Avenue, Kankakee, Illinois 60901.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**April 30, 2009**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 13,543,790	\$ 394,162	\$ 13,937,952	\$ 748,486
Restricted cash and investments		312,207	312,207	
Receivables, less allowance for uncollectible amounts:				
Property taxes	12,199,112		12,199,112	1,713,484
Utility taxes	426,659		426,659	
Due from other governmental agencies	6,276,847	362,947	6,639,794	
Due from fiduciary funds	30		30	
Internal balances	369,764	(369,764)		
Due from component units	222,567		222,567	
Accounts receivable	1,151,181	2,419,908	3,571,089	
Special assessments	2,855,500		2,855,500	
Materials inventory	20,734		20,734	
Prepaid items	911,930	39,376	951,306	
Other restricted cash and investments		1,913,094	1,913,094	
Capital assets:				
Non-depreciable	16,920,392	3,107,465	20,027,857	
Depreciable (net of accumulated depreciation)	69,422,168	24,757,871	94,180,039	7,587,394
Unamortized bond issuance cost	1,362,788	93,473	1,456,261	
Investment in joint venture		405,678	405,678	
<b>Total assets</b>	<b>125,683,462</b>	<b>33,436,417</b>	<b>159,119,879</b>	<b>10,049,364</b>
<b>Liabilities</b>				
Accounts payable	7,541,391	223,970	7,765,361	24,768
Accrued wages payable	585,526	88,139	673,665	
Interest payable	937,290		937,290	
Due to primary government				222,567
Unearned revenue	12,441,580		12,441,580	1,713,484
Deferred special assessments	2,855,500		2,855,500	
Long-term liabilities:				
Due within one year	5,236,232	230,000	5,466,232	98,725
Due within more than one year	87,464,890	3,163,845	90,628,735	3,055,923
<b>Total liabilities</b>	<b>117,062,409</b>	<b>3,705,954</b>	<b>120,768,363</b>	<b>5,115,467</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	45,280,829	24,895,336	70,176,165	4,432,746
Restricted for:				
Capital projects	7,850,799		7,850,799	
Debt services	1,027,220	2,225,301	3,252,521	
Economic development	1,924,214		1,924,214	
Street maintenance programs	19,258		19,258	
Unrestricted	(47,481,267)	2,609,826	(44,871,441)	501,151
<b>Total net assets</b>	<b>\$ 8,621,053</b>	<b>\$29,730,463</b>	<b>\$ 38,351,516</b>	<b>\$ 4,933,897</b>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**For the year ended April 30, 2009**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities				
General government	\$ 8,649,323	\$ 1,170,498	\$ 157,560	
Public safety	14,233,673	578,406	429,104	\$ 495,000
Public works	3,641,519	373,013		
Highways and streets	2,206,732		742,515	232,683
Community development	2,504,661	142,000	2,672,586	
Culture and recreation	310,190			
Economic development	18,816,343			
Interest and fiscal charges	2,812,337			
Total governmental activities	<u>53,174,778</u>	<u>2,263,917</u>	<u>4,001,765</u>	<u>727,683</u>
Business-Type Activities				
Municipal utility	12,194,809	10,004,722		
Vehicle parking	1,120	9,585		
Total business-type activities	<u>12,195,929</u>	<u>10,014,307</u>	<u>-0-</u>	<u>-0-</u>
Total primary government	<u>\$65,370,707</u>	<u>\$12,278,224</u>	<u>\$ 4,001,765</u>	<u>\$ 727,683</u>
Component units:				
Library	\$ 1,594,775	\$ 105,663	\$ 17,500	
Special Service Area No. 1	243,100			
Total component units	<u>\$ 1,837,875</u>	<u>\$ 105,663</u>	<u>\$ 17,500</u>	<u>\$ -0-</u>

**General Revenues:**

Property taxes levied for general purposes  
Special assessments  
State income tax  
Local use tax  
State replacement income tax  
Illinois sales tax  
Utility taxes  
Intergovernmental, not restricted to specific programs  
Investment income  
Other

**Contributions from primary government**

Total  
Transfers  
Changes in net assets  
Net assets, May 1, 2008  
Prior period adjustment  
Net assets, May 1, 2008, restated  
Net assets, April 30, 2009

Net (Expense) Revenue and Change in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (7,321,265)		\$ (7,321,265)	
(12,731,163)		(12,731,163)	
(3,268,506)		(3,268,506)	
(1,231,534)		(1,231,534)	
309,925		309,925	
(310,190)		(310,190)	
(18,816,343)		(18,816,343)	
(2,812,337)		(2,812,337)	
<u>(46,181,413)</u>		<u>(46,181,413)</u>	
	\$ (2,190,087)	(2,190,087)	
	8,465	8,465	
<u>-0-</u>	<u>(2,181,622)</u>	<u>(2,181,622)</u>	
<u>(46,181,413)</u>	<u>(2,181,622)</u>	<u>(48,363,035)</u>	
			\$ (1,471,612)
			(243,100)
			<u>(1,714,712)</u>
11,440,440		11,440,440	1,581,641
257,500		257,500	
2,504,837		2,504,837	
390,228		390,228	
741,325		741,325	
24,419,114		24,419,114	
3,359,780		3,359,780	
50,000		50,000	
361,543	21,945	383,488	9,649
260,888	(5,493)	255,395	40,673
			479,549
<u>43,785,655</u>	<u>16,452</u>	<u>43,802,107</u>	<u>2,111,512</u>
<u>(4,931,639)</u>	<u>4,931,639</u>	<u>-0-</u>	
<u>(7,327,397)</u>	<u>2,766,469</u>	<u>(4,560,928)</u>	<u>396,800</u>
15,948,450	26,824,736	42,773,186	4,537,097
	139,258	139,258	
<u>15,948,450</u>	<u>26,963,994</u>	<u>42,912,444</u>	<u>4,537,097</u>
<u>\$ 8,621,053</u>	<u>\$ 29,730,463</u>	<u>\$ 38,351,516</u>	<u>\$ 4,933,897</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**April 30, 2009**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 1,187,819	\$ 7,877,917	\$ 4,478,054	\$ 13,543,790
Receivables, less allowance for uncollectible amounts:				
Property taxes	4,202,487		7,996,625	12,199,112
Utility taxes	426,659			426,659
Due from other governmental agencies	6,004,238	45,000	227,609	6,276,847
Due from fiduciary funds	30			30
Due from other funds	1,308,399	163,057	647,602	2,119,058
Due from component units	57,622	158,205	6,740	222,567
Accounts receivable	298,661		852,520	1,151,181
Special assessments		2,855,500		2,855,500
Materials inventory	20,734			20,734
Prepaid items	911,930			911,930
<b>Total assets</b>	<u>\$ 14,418,579</u>	<u>\$ 11,099,679</u>	<u>\$ 14,209,150</u>	<u>\$ 39,727,408</u>
<b>Liabilities</b>				
Accounts payable	\$ 7,221,614	\$ 112,107	\$ 207,670	\$ 7,541,391
Accrued wages payable	547,050		38,476	585,526
Interest payable			18,690	18,690
Due to other funds		281,273	1,468,021	1,749,294
Deferred revenue	4,444,953		8,848,583	13,293,536
Deferred special assessments		2,855,500		2,855,500
<b>Total liabilities</b>	<u>12,213,617</u>	<u>3,248,880</u>	<u>10,581,440</u>	<u>26,043,937</u>
<b>Fund Balance</b>				
Reserved for prepaid items	911,930			911,930
Reserved for inventories	20,734			20,734
Reserved for debt service			1,027,220	1,027,220
Reserved for unexpended street maintenance programs			19,258	19,258
Reserved for economic development			1,924,214	1,924,214
Reserved for capital projects		7,850,799		7,850,799
Unreserved, reported in:				
General Fund	1,272,298			1,272,298
Special Revenue Funds			702,612	702,612
Debt Service Funds			(45,594)	(45,594)
<b>Total fund balance</b>	<u>2,204,962</u>	<u>7,850,799</u>	<u>3,627,710</u>	<u>13,683,471</u>
<b>Total liabilities and     fund balance</b>	<u>\$ 14,418,579</u>	<u>\$ 11,099,679</u>	<u>\$ 14,209,150</u>	<u>\$ 39,727,408</u>

See accompanying notes.



**CITY OF KANKAKEE, ILLINOIS**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**April 30, 2009**

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Amounts reported for governmental activities in the  
statement of net assets are different because of the following:

Total fund balance - governmental funds		\$ 13,683,471
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		86,342,560
Unamortized bond issuance costs represent deferred charges which do not provide current financial resources and, therefore, not reported in the funds.		1,362,788
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. All liabilities - both current and long-term are reported in the statement of net assets.		
Bonds payable	\$ (73,369,738)	
Installment notes	(3,484,556)	
Unfunded employer pension contributions	(11,246,920)	
Net other post-employment benefit obligations	(70,908)	
Compensated absences	(4,529,000)	
Total long-term liabilities (See Note 11)		(92,701,122)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
Interest payable		(918,600)
Loans receivable are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		851,956
Net assets of governmental activities		<u>\$ 8,621,053</u>

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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the year ended April 30, 2009**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 4,021,917		\$ 7,418,523	\$ 11,440,440
Special assessments			257,500	257,500
State income tax	2,504,837			2,504,837
Local use tax	390,228			390,228
State replacement income tax	741,325			741,325
Illinois sales tax	24,419,114			24,419,114
Utility taxes	3,359,780			3,359,780
Licenses, permits and fees	1,122,222			1,122,222
Charges for services	741,914			741,914
Fines and penalties	449,781			449,781
Intergovernmental	393,274	\$ 520,130	3,780,214	4,693,618
Interest income	33,403	108,237	219,903	361,543
Miscellaneous	261,767	31,980	2,973	296,720
Total revenues	<u>38,439,562</u>	<u>660,347</u>	<u>11,679,113</u>	<u>50,779,022</u>
<b>Expenditures:</b>				
Current:				
General government	5,868,673	1,304,872	1,053,185	8,226,730
Public safety	14,798,160	8,020,740		22,818,900
Public works	2,415,695	1,126,203		3,541,898
Highways and streets		2,381,821	1,666,336	4,048,157
Community development	5,690		2,494,516	2,500,206
Culture and recreation		246,600	63,590	310,190
Economic development	17,617,181		1,199,162	18,816,343
Debt Service:				
Principal retirement	20,901	10,000	3,891,093	3,921,994
Interest and fiscal charges	697	370,549	3,021,945	3,393,191
Total expenditures	<u>40,726,997</u>	<u>13,460,785</u>	<u>13,389,827</u>	<u>67,577,609</u>
Excess (deficiency) of revenues over expenditures	<u>(2,287,435)</u>	<u>(12,800,438)</u>	<u>(1,710,714)</u>	<u>(16,798,587)</u>
<b>Other financing sources (uses):</b>				
Issuance of bonds		17,110,000		17,110,000
Issuance of refunding bonds			14,905,000	14,905,000
Premium on bonds issued		307,462		307,462
Premium on refunding bonds issued			222,823	222,823
Issuance of long-term note		161,016		161,016
Payment to refunded debt escrow			(10,986,806)	(10,986,806)
Transfers from other funds	1,857,711	195,814	2,642,364	4,695,889
Transfers to other funds	<u>(470,278)</u>	<u>(2,507,868)</u>	<u>(6,649,382)</u>	<u>(9,627,528)</u>
Total other financing sources (uses)	<u>1,387,433</u>	<u>15,266,424</u>	<u>133,999</u>	<u>16,787,856</u>
Net change in fund balance	(900,002)	2,465,986	(1,576,715)	(10,731)
Fund balance, May 1, 2008	<u>3,104,964</u>	<u>5,384,813</u>	<u>5,204,425</u>	<u>13,694,202</u>
Fund balance, April 30, 2009	<u>\$ 2,204,962</u>	<u>\$ 7,850,799</u>	<u>\$ 3,627,710</u>	<u>\$ 13,683,471</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**For the year ended April 30, 2009**

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Amounts reported for governmental activities on the statement of activities  
are different because of the following:

Net change in fund balance - total governmental funds	\$ (10,731)
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Governmental funds report capital outlays as expenditures. However, on the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from disposal of capital assets are reported as other financing sources in the governmental funds, but as a reduction of capital assets and recognition of gains and losses at the government-wide level.

Expenditure for capital assets	12,238,552
Loss on disposal of capital assets	(11,983)
Depreciation	(1,551,491)

Repayments of principal from current financial resources is an expenditure in the governmental funds, but are a reduction of long-term liabilities on the statement of net assets.

Principal payments on bonds payable	3,585,000
Payment to refunding debt escrow from bond proceeds	10,986,806
Principal payments on long-term notes payable	336,994

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortized bond issue cost	(64,768)
Amortized bond premium	137,041
Amortized deferred loss	(80,870)
Change in accrued interest on long-term debts	(89,100)
Compensated absences payable	(312,000)
Unfunded pension cost	(389,330)
Change in net other post-employment benefit obligations payable	(70,908)

Bond proceeds and premiums, long-term notes and capital lease proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of net assets.

Proceeds from bonds issued	(17,110,000)
Proceeds from refunding bonds issued	(14,905,000)
Proceeds from long-term notes	(161,016)
Proceeds from premium on bonds issued	(530,285)

Bond issue costs are expenditures in the governmental funds, but the issuance cost increases the assets on the statement of net assets.

678,551

Advances paid on long-term loans receivable are reported as expenditures in the governmental funds, but increase the assets in the statement of net assets. Collection on these loans are reported as revenues in the governmental funds, but reduce the assets in the statement of net assets.

Collections on loans receivable	(2,859)
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Change in net assets of governmental activities	<u>\$ (7,327,397)</u>
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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**April 30, 2009**

	Business-type Activities Enterprise Funds		
	Major	Nonmajor	
	Kankakee	Motor	
	Municipal	Vehicle	
	Utility	Parking	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 317,849	\$ 76,313	\$ 394,162
Restricted cash and investments	312,207		312,207
Receivables, less allowance for uncollectible amounts:			
Due from other governmental agencies	362,947		362,947
Due from other funds	120,243		120,243
Accounts receivable	2,419,908		2,419,908
Prepaid items	39,376		39,376
Total current assets	<u>3,572,530</u>	<u>76,313</u>	<u>3,648,843</u>
Non-current assets:			
Other restricted cash and investments	1,913,094		1,913,094
Capital assets:			
Non-depreciable	1,663,657	1,443,808	3,107,465
Depreciable (net of accumulated depreciation)	24,757,871		24,757,871
Unamortized bond issuance cost	93,473		93,473
Investment in joint venture	405,678		405,678
Total non-current assets	<u>28,833,773</u>	<u>1,443,808</u>	<u>30,277,581</u>
Total assets	<u>32,406,303</u>	<u>1,520,121</u>	<u>33,926,424</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	223,970		223,970
Accrued wages payable	88,139		88,139
Due to other funds	490,007		490,007
Accrued employee absences	55,000		55,000
Revenue bonds payable within one year	175,000		175,000
Total current liabilities	<u>1,032,116</u>	<u>-0-</u>	<u>1,032,116</u>
Non-current liabilities:			
Accrued employee absences	348,000		348,000
Net other post-employment benefit obligations	20,845		20,845
Revenue bonds payable, less portion due within one year	2,795,000		2,795,000
Total non-current liabilities	<u>3,163,845</u>	<u>-0-</u>	<u>3,163,845</u>
Total liabilities	<u>4,195,961</u>	<u>-0-</u>	<u>4,195,961</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	23,451,528	1,443,808	24,895,336
Restricted for debt service	2,225,301		2,225,301
Unrestricted	2,533,513	76,313	2,609,826
Total net assets	<u>\$28,210,342</u>	<u>\$ 1,520,121</u>	<u>\$29,730,463</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the year ended April 30, 2009**

	Business-type Activities		
	Enterprise Funds		
	Major	Nonmajor	
	Kankakee	Motor	
	Municipal	Vehicle	
	Utility	Parking	Total
Operating revenues:			
Charges for services:			
Sewer charges	\$ 7,692,088		\$ 7,692,088
Solid waste charges	2,179,263		2,179,263
Hydroelectric revenues	133,371		133,371
Parking revenues		\$ 9,585	9,585
Total operating revenues	10,004,722	9,585	10,014,307
Operating expenses:			
Sewer utility operations:			
Administration	1,515,084		1,515,084
Sanitary sewers	941,458		941,458
Remote stations	245,121		245,121
Lab and industrial services	485,665		485,665
Technical services	656,305		656,305
Total sewer utility operations	3,843,633	-0-	3,843,633
Building maintenance	400,575		400,575
Treatment charges	2,809,085		2,809,085
Solid waste	1,898,607		1,898,607
Parking administration		1,120	1,120
Depreciation	942,923		942,923
Total operating expenses	9,894,823	1,120	9,895,943
Operating income	109,899	8,465	118,364
Nonoperating revenues (expenses):			
Equity interest in joint venture operating income	(274,892)		(274,892)
Interest income	21,830	115	21,945
Interest and debt-related expenses	(2,025,094)		(2,025,094)
Other expense	(5,493)		(5,493)
Total nonoperating revenues (expenses)	(2,283,649)	115	(2,283,534)
Income (loss) before transfers	(2,173,750)	8,580	(2,165,170)
Transfers in	5,812,164		5,812,164
Transfers (out)	(880,525)		(880,525)
Change in net assets	2,757,889	8,580	2,766,469
Net assets, May 1, 2008	25,313,195	1,511,541	26,824,736
Prior period adjustment	139,258		139,258
Net assets, May 1, 2008, restated	25,452,453	1,511,541	26,963,994
Net assets, April 30, 2009	\$28,210,342	\$ 1,520,121	\$29,730,463

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended April 30, 2009**

	Business-type Activities Enterprise Funds		Total
	Major Kankakee Municipal Utility	Nonmajor Motor Vehicle Parking	
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$9,884,363	\$ 8,465	\$9,892,828
Receipts from (payments to) interfund	49,415		49,415
Other receipts	23		23
Payments to suppliers	(7,425,120)		(7,425,120)
Payments to employees	(1,481,374)		(1,481,374)
Net cash provided by operating activities	<u>1,027,307</u>	<u>8,465</u>	<u>1,035,772</u>
Cash flows provided (used) by noncapital financing activities:			
Transfers from other funds	5,812,164		5,812,164
Transfers to other funds	(880,525)		(880,525)
Net cash provided by noncapital financing activities	<u>4,931,639</u>	<u>-0-</u>	<u>4,931,639</u>
Cash flows provided (used) by capital and related financing activities:			
Purchase of property and equipment	(32,032)		(32,032)
Additions to construction in progress	(751,241)		(751,241)
Repayment of revenue bonds	(4,588,938)		(4,588,938)
Interest paid on revenue bonds	(356,250)		(356,250)
Net cash provided (used) by capital and related financing activities	<u>(5,728,461)</u>	<u>-0-</u>	<u>(5,728,461)</u>
Cash flows provided (used) by investing activities:			
Interest received	21,830	115	21,945
Return of investment in WIFI	2,900		2,900
Net cash provided (used) by investing activities	<u>24,730</u>	<u>115</u>	<u>24,845</u>
Net increase in cash and cash equivalents	255,215	8,580	263,795
Cash and cash equivalents, May 1, 2008	2,281,990	67,733	2,349,723
Cash and cash equivalents, April 30, 2009	<u>\$2,537,205</u>	<u>\$ 76,313</u>	<u>\$2,613,518</u>
Reconciliation to statement of fund net assets, April 30, 2009:			
Cash and cash equivalents	\$2,537,205	\$ 76,313	\$2,613,518
Investments with maturities greater than 3 months when acquired	5,945		5,945
Total cash and investments	<u>\$2,543,150</u>	<u>\$ 76,313</u>	<u>\$2,619,463</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
(Continued)  
For the year ended April 30, 2009

	Business-type Activities Enterprise Funds		Total
	Major Kankakee Municipal Utility	Nonmajor Motor Vehicle Parking	
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 109,899	\$ 8,465	\$ 118,364
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	942,923		942,923
Provision for bad debts	110,000		110,000
Other income	24		24
(Increase) decrease in operating assets:			
Accounts receivable	(230,360)		(230,360)
Accounts receivable-Kankakee River Metropolitan Agency	82,545		82,545
Prepaid insurance and service fees	11,925		11,925
Increase (decrease) in operating liabilities:			
Accounts payable	(100,921)		(100,921)
Accrued compensated absences	15,200		15,200
Accrued payroll	15,812		15,812
Net other post-employment benefit obligations	20,845		20,845
Due to other City funds	49,415		49,415
Net cash provided by operating activities	<u>\$ 1,027,307</u>	<u>\$ 8,465</u>	<u>\$ 1,035,772</u>
Noncash transactions related to financing, capital and investing activities:			
Amortization of bond issuance costs	<u>\$ 20,688</u>	<u>\$ -0-</u>	<u>\$ 20,688</u>
Amortization of early debt retirement deferred loss	<u>\$ 187,524</u>	<u>\$ -0-</u>	<u>\$ 187,524</u>
Net increase (decrease) in the fair value of investments	<u>\$ (5,515)</u>	<u>\$ -0-</u>	<u>\$ (5,515)</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**April 30, 2009**

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**Assets**

Cash and short-term investments	\$ 2,109,739
Receivables, less allowance for uncollectible amounts:	
Employee contributions	33,757
Employer contributions	108,748
Interest	70,582
Investments, at fair value:	
Open-end mutual funds	4,760,959
Corporate securities	1,177,761
U.S. treasury and agency securities	10,221,751
Corporate bonds	37,362
Prepaid items	5,732
 Total assets	 <u>18,526,391</u>

**Liabilities**

Accounts payable	327,062
Due to General Fund	30
 Total liabilities	 <u>327,092</u>

**Net Assets**

Net assets held in trust for pension benefits <sup>(1)</sup>	<u>\$18,199,299</u>
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(1) A schedule of funding progress is presented in the Required Supplementary Information section of this report.

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See accompanying notes.



**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**For the year ended April 30, 2009**

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Additions:

Contributions:

Employer	\$ 2,684,404
Employee	848,694
Total contributions	<u>3,533,098</u>

Investment income (loss):

Net appreciation (depreciation) in fair value of investments	(2,329,025)
Interest and dividends	<u>622,152</u>
	(1,706,873)

Less: investment expense	<u>(112,560)</u>
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Net investment income (loss)	<u>(1,819,433)</u>
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Total additions	<u>1,713,665</u>
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Deductions:

Benefits	3,931,284
Refunds of contributions	73,549
Administrative expenses	70,051

Total deductions	<u>4,074,884</u>
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Net increase (decrease)	(2,361,219)
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Net assets held in trust for pension benefits:

May 1, 2008	<u>20,560,518</u>
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April 30, 2009	<u><u>\$ 18,199,299</u></u>
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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**April 30, 2009**

	Library Fund	Special Service Area No. 1	Totals
<b>Assets</b>			
Cash and investments	\$ 410,678	\$ 337,808	\$ 748,486
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,590,584	122,900	1,713,484
Capital assets:			
Depreciable (net of accumulated depreciation)	6,812,270	775,124	7,587,394
Total assets	<u>8,813,532</u>	<u>1,235,832</u>	<u>10,049,364</u>
<b>Liabilities</b>			
Accounts payable	24,768		24,768
Due to primary government	222,567		222,567
Unearned revenue	1,590,584	122,900	1,713,484
Long-term liabilities:			
Due within one year	98,725		98,725
Due within more than one year	3,055,923		3,055,923
Total liabilities	<u>4,992,567</u>	<u>122,900</u>	<u>5,115,467</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	3,657,622	775,124	4,432,746
Unrestricted	163,343	337,808	501,151
Total net assets	<u>\$ 3,820,965</u>	<u>\$ 1,112,932</u>	<u>\$ 4,933,897</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the year ended April 30, 2009**

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>
Library Fund:			
Culture and recreation	\$ 1,450,230	\$ 105,663	\$ 17,500
Interest and fiscal charges	144,545		
Special Service Area No. 1:			
General government	243,100		
Total	<u>\$ 1,837,875</u>	<u>\$ 105,663</u>	<u>\$ 17,500</u>

**General Revenues:**

Property taxes levied for general purposes

Interest

Other

Contributions from primary government

Total

Changes in net assets

Net assets, May 1, 2008

Net assets, April 30, 2009

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Net (Expense) Revenue and  
Change in Net Assets

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<u>Library Fund</u>	<u>Special Service Area No. 1</u>	<u>Total</u>
\$ (1,327,067)		\$ (1,327,067)
(144,545)		(144,545)
	\$ (243,100)	(243,100)
<u>(1,471,612)</u>	<u>(243,100)</u>	<u>(1,714,712)</u>
1,460,217	121,424	1,581,641
7,620	2,029	9,649
17,861	22,812	40,673
246,600	232,949	479,549
<u>1,732,298</u>	<u>379,214</u>	<u>2,111,512</u>
260,686	136,114	396,800
3,560,279	976,818	4,537,097
<u>\$ 3,820,965</u>	<u>\$ 1,112,932</u>	<u>\$ 4,933,897</u>

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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Kankakee, Illinois (City), is a home rule unit under the 1970 Constitution of Illinois, Article VII. The City was incorporated in 1865 and operates under an elected Mayor/Council form of government. The City Council is comprised of the Mayor and fourteen council members. The City's major operations include public safety (police, fire, code enforcement and animal control), public works, highways and streets, community development, culture and recreation, economic development, sewer and solid waste utility, and general administrative services. The following significant accounting policies apply to the City and its component units.

**A. Reporting Entity**

The City follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose its will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

The accompanying financial statements present the City of Kankakee, Illinois (the primary government) and its component units. The financial data of the component units is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Blended Component Unit** - A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. For financial reporting purposes, the following component units are reported as if they were part of the City's operations.

1. **Kankakee Municipal Utility (Utility)** - The Utility is governed by a board which is comprised mainly of City Council members. As stated in the Kankakee Municipal Utility bylaws, one City Council member from each ward is required to serve on the Kankakee Municipal Utility Board. The Utility accounts for the operation of the sewer and solid waste systems which benefit the citizens of the City.
2. **Community Development Agency** - The Community Development Agency is governed by the City Council. Its major sources of revenue are intergovernmental grants that are used to benefit the citizens of the City.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Discretely Presented Component Unit** - A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City.

1. **Kankakee Public Library (Library)** - The Library is governed by a board appointed by the City Council. The majority of the Library's revenues are from a property tax levy approved by the Council. The City has also assumed the obligation to finance the Library's deficits.
2. **Special Service Area No. 1 (SSA No. 1)** - SSA No. 1 promotes and develops downtown Kankakee. Its major source of revenues is from a property tax levy approved by the City Council.

Separately audited financial statements for the component units are not available. Combining financial statements for the discretely presented component units are presented after the basic financial statements and prior to the notes to the financial statements.

**B. Basis of Presentation**

**Government-wide Financial Statements** - The government-wide statement of net assets and statement of activities report the overall financial activities of the City and its component units, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Additionally, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect expenses for centralized functions are included in the direct expenses. Program revenues include 1) fines, fees, and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Fund Financial Statements** - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

**General Fund** - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects Fund** - This fund accounts for the resources used for capital acquisition and other major capital improvement projects including streets, sidewalks and community development projects.

The City reports the following major proprietary fund:

**Kankakee Municipal Utility Fund** - This fund accounts for the City's sewer and solid waste operations and the production, transmission and delivery of electrical power.

Additionally, the City reports the following fiduciary fund type:

**Pension Trust Funds** - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

**C. Measurement Focus and Basis of Accounting:**

**Government-wide, Proprietary and Fiduciary Fund Financial Statements** - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2007 levy is recognized as revenue for the year ended April 30, 2009. Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions associated with a proprietary fund's principal ongoing activities. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the City's enterprise funds come from charges to customers for sales and services which include sewer and solid waste charges, utility fees and parking fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Governmental Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt and claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has occurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, income taxes, utility taxes, intergovernmental revenues, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.



**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned revenues also arise when the resources are received by the City before it has a legal claim to them or prior to the provision of services. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

**D. Investments**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. The value of open-end mutual funds are determined by the pool's share price. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. All external investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

**E. Interfund Transactions**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds and between proprietary funds are not included in the government-wide statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

The City has the following types of interfund transactions:

**Loans** - Amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds in the fund balance sheets or fund statements of net assets.

**Services Provided and Used** - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

**Reimbursements** - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** - Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

**F. Inventory and Prepaid Items**

Inventory, such as fuel and office supplies, is accounted for using the consumption method and is valued at an average weighted cost. Inventory reported in the governmental funds is not available for appropriation and therefore, results in a reservation of fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Restricted Assets - Enterprise Funds**

Certain cash and investments in the Kankakee Municipal Utility Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds. These assets are reflected as restricted cash and investments and reservation of net assets.

**H. Long-Term Debt, Bond Premiums, Discounts and Issuance Costs**

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The amount of bond issue costs amortized during the year ended April 30, 2009, for the governmental and business-type activities was \$64,768 and \$20,688, respectively. The unamortized balances at April 30, 2009 for the governmental and business-type activities was \$1,362,788 and \$93,473, respectively.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, drainage systems, traffic controls, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Minimum capitalization costs are as follows:

Land	\$ 25,000
Machinery, equipment and vehicles	5,000
Buildings, land improvements, leasehold improvements	100,000
Infrastructure assets	250,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

Capital assets of the City and its component units are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings, major plant and sewerage equipment	20 - 75
Machinery, equipment and vehicles	5 - 20
Improvements	7 - 40
Infrastructure	25 - 100

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**J. Net Assets**

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

**Invested in Capital Assets, Net of Related Debt** - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus any material unspent bond proceeds.

**Restricted** - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

**Unrestricted** - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**K. Compensated Absences**

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**L. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, including cash in excess of daily requirements that is invested in marketable securities, substantially all of which have a maturity of three months or less when acquired.

**M. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**N. Fund Equity - Fund Financial Statements**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Reserved fund balances in pension trust funds represent the net assets held in trust that are required to be reserved for the employees' pension benefits.

**O. Investment in Joint Venture**

The Kankakee Municipal Utility has two investments in joint ventures which are reported on the equity method of accounting.

**NOTE 2 - DEPOSITS AND INVESTMENTS:**

Investing is performed in accordance with investment policies complying with state statutes (as outlined in the Illinois Public Funds Act of 1943) and City charter. These statutes and the City charter authorize the City to invest in direct and general obligations of the United States of America, obligations issued or guaranteed by instrumentalities or agencies of the United States of America, direct and general obligations of any state, interest-bearing demand or time deposits or interest in money market portfolios issued by state banks or trust companies or national banking associations or savings and loan associations that are continuously and fully insured, shares of a diversified open-end management investment company, state pooled investment funds, or repurchase agreements of government securities through banks or trust companies. Police and Fire pension investments are governed by the Illinois Pension Code which authorize, in addition to the above investments, investments in common stock, mutual funds and life insurance company contracts. The City's Police and Firefighters' Pension funds, under the direction of their respective Boards of Trustees, contractually delegate investment oversight to investment managers.

The City maintains a cash and investment pool that is available for use by the General Fund, Capital Projects Fund, and all special revenue funds (except the Motor Fuel Tax Fund, the Community Development Agency, and the Senior Aides Program). In addition, non-pooled cash and investments are separately held by several of the City's funds including component units. The deposits and investments of the pension trust funds are held separately from those of the other City funds.

**Deposits:**

The City, component units and pension trust funds' investment policies require all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the City's agent and held in the name of the City, component units and pension trust funds, respectively.

At April 30, 2009, the carrying amount of the City's deposits for governmental and business-type activities was \$1,678,635 and the bank balance was \$1,857,466. The entire bank balance was covered through federal depository insurance or by collateral held by the City or its agent, in the City's name.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):**

At April 30, 2009, the carrying amount of deposits of fiduciary activities was \$642,419 and the bank balance was \$642,448 of which \$40,932 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

At April 30, 2009, the carrying amount of deposits of the City's component units was \$448,111 and the bank balance was \$513,096 of which \$158,341 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

**Investments:**

The following table presents the investments and investment maturities of the City and its component units as of April 30, 2009. Categorized investments are insured or registered for which the securities are held by the City or its agent in the City's name. Uncategorized investments are not subject to categorization because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
Governmental and business-type activities:					
Uncategorized investments:					
Illinois Funds	\$ 1,196,473	\$ 1,196,473			
Treasury Management Investment Fund	12,726,000	12,726,000			
Illinois Metropolitan Investment Fund (IMET)	556,200	556,200			
Common stock (1)	<u>5,945</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>14,484,618</u>	<u>14,478,673</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Fiduciary activities:					
Categorized investments:					
U.S. Treasury obligation	6,739,819	150,218	4,590,898	1,768,077	230,626
U.S. Government agencies	3,481,932		2,399,930	854,353	227,649
Uncategorized investments:					
Illinois Funds	4	4			
Corporate bonds	37,362		37,362		
Mutual funds	4,760,959	4,760,959			
Money market	1,467,316	1,467,316			
Common stock (1)	<u>1,177,761</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>17,665,153</u>	<u>6,378,497</u>	<u>7,028,190</u>	<u>2,622,430</u>	<u>458,275</u>
Component units:					
Uncategorized investments:					
Illinois Funds	70,249	70,249			
Treasury Management Investment Fund	<u>230,126</u>	<u>230,126</u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>300,375</u>	<u>300,375</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total investments	\$32,450,146	\$21,157,545	\$7,028,190	\$2,622,430	\$458,275

(1) Risk disclosures do not apply to equities.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):**

Certificates of deposits, which have been presented as bank deposits in this note, are classified as investments for financial reporting purposes.

The investments in the securities of U.S. government agencies were all rated AAA by Standard & Poor's, and AAA by Moody's Investors Services. The securities of U.S. government agencies at April 30, 2009 consist of the following:

	<u>Fiduciary</u>
FFCB	\$ 76,376
FHLMC	1,576,021
FNMA	1,639,962
GNMA	<u>189,573</u>
Total	<u>\$3,481,932</u>

In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

The City invests in Illinois Funds, an external investment pool administered by the State Treasurer, which is rated AAAM by Standard & Poor's Investment Services. The City also invests in Treasury Management Investment Fund, an external investment sweep fund designed specifically for government and municipal entities. The Fund is administered by Allegiance Asset Management Company. The Fund has an average portfolio quality rating of A1+/P1. The City also invests in Illinois Metropolitan Investment Fund, an external investment pool administered by and for Illinois public funds managers and financial officers, which is rated AAAf/S1 by Standard & Poor's Investment Services. No rating is available for the City's investment in money market and corporate bonds which are managed by an investment broker.

**Interest Rate Risk**

The City's investment policy limits investment maturities in the General Fund and Special Revenue Funds to a maximum of 36 months. Investments in other funds may be purchased with a longer maturity to match future project or liability requirements as limited by bond ordinances. However, in practice, the City generally limits the average duration of its investments to less than one year in order to control fair value losses arising from increasing interest rates and to remain sufficiently liquid to meet operating needs. Interest rate risk for investments held by Pension Trust Funds is managed by establishing investment parameters for the investment managers.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):**

**Credit Risk**

The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Trust Funds, prescribe to the "prudent person" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived." The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. According to the City's investment policy governing diversification, its investment in Illinois Funds shall not exceed 40 percent of the total investment portfolio unless specifically authorized by the City Council. The City places no limit on the amount the City may invest in any other issuer. The Police and Firefighters' Pension Trust Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code. The following significant investments (other than those explicitly guaranteed or issued by the U.S. government or those invested in mutual funds, external investment pools or other pooled investments) in the Police and Firefighters' Pension Plans represent 5 percent or more of the net assets available for benefits of the respective plans:

Police Pension Fund:	
FNMA	\$1,225,557
FHLMC	<u>581,182</u>
	<u>\$1,806,739</u>
Firefighters' Pension Fund:	
FNMA	\$ 414,405
FHLMC	<u>994,839</u>
	<u>\$1,409,244</u>

**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS:**

**Illinois Municipal Retirement Fund:**

**Plan Description**

The City contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The IMRF covers all City employees who occupy a job normally requiring 600 hours or more per year, are paid on a regular payroll from City funds, were under age 60 when first entering employment and are not covered by another state-created retirement system for the same service. Employees not qualifying above are considered "Nonparticipating employees" and are covered under Social Security or under the police pension or firefighters' pension plans. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not for individual employers. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).



**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Funding Policy**

As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 8.38 percent of annual covered payroll. Employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost**

For 2008, the City's annual pension cost of \$473,924 was equal to the City's required and actual contributions. The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and services, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, valuation was 24 years.

**Three-Year Trend Information**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2008	\$473,924	100%	\$-0-
December 31, 2007	266,410	100	-0-
December 31, 2006	238,011	100	-0-

**Funded Status and Funding Progress**

As of December 31, 2008, the most recent actuarial valuation date, the City's IMRF plan was 82.16 percent funded. The actuarial accrued liability for benefits was \$17,070,490 and the actuarial value of assets was \$14,024,803, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,045,687. The covered payroll (annual payroll of active employees covered by the plan) was \$5,655,415 and the ratio of the UAAL to the covered payroll was 54 percent. The actuarial assumptions used to determine the funded status of the plan are the same actuarial assumptions used to determine the employer APC of the plan as disclosed above.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Police Pension and Firefighters' Pension Funds:**

**A. Plan descriptions**

The City contributes to two single-employer defined benefit pension plans: The Police Pension Plan and the Firefighters' Pension Plan (Plans). Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Sworn Police and Fire personnel are covered by the Plans. Although these are single-employer pension plans, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (ILCS) and may be amended only by the Illinois legislature. The City accounts for the Plans as Pension Trust Funds. The City does not, however, separately issue financial reports for the Plans.

**Police Pension Plan**

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent of final salary for each year of service up to 30 years, to a maximum of 75 percent of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5 percent of final salary for each year of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50 percent of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years by 3 percent of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3 percent of the amount of the pension payable at the time of the increase.

Employees are required by ILCS to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

**Firefighters' Pension Plan**

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5 percent of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75 percent of such monthly salary.

Employees with at least 10 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced retirement benefit ranging from 15 percent of final salary for 10 years of service to 45.6 percent for 19 years of service.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54 percent of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12 percent of final salary. The maximum family survivor benefit is 75 percent of final salary.

Employees disabled in the line of duty receive 65 percent of final salary. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55, by 3 percent of the amount of the pension payable at the time of the increase.

Covered employees are required by ILCS to contribute 9.46 percent of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

Membership of the Plans is as follows:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Retirees and beneficiaries receiving benefits	52	71
Terminated plan members entitled to but not yet receiving benefits	-0-	2
Active vested plan members	52	21
Active nonvested plan members	<u>19</u>	<u>29</u>
Total	<u>123</u>	<u>123</u>

**B. Summary of Significant Accounting Policies and Plan Asset Manners**

The financial statements of the Plans are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments without an established market are reported at estimated fair value. Administrative costs are financed through investment earnings.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**C. Significant Investments**

There are no significant investments (other than those guaranteed or issued by the U.S. government) in any one organization that represent 5 percent or more of the net assets available for benefits except for the following investments:

Police Pension Fund:	
Standard & Poors Midcap 400 Fund	\$ 569,408
UTS SPDR Trust Fund	1,715,420
Calamos Growth and Income Fund	<u>542,617</u>
	<u>\$2,827,445</u>
Firefighters' Pension Fund:	
Calamos Growth and Income Fund	\$ 501,543
UTS SPDR Trust Fund	<u>502,665</u>
	<u>\$1,004,208</u>

**D. Funding Policy**

The City funds its contribution to the Plans through an annual tax levy. The levy amount is actuarially determined as the annual contribution necessary to fund the normal cost, plus the amount to amortize the unfunded accrued liability. Actuarial valuations are performed annually. There are no material current year changes to the actuarial assumptions and benefit provisions.

Employer contributions have been determined as follows:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation date	April 30, 2008	April 30, 2008
Employer contribution rate	29.39% of covered payroll	43.85% of covered payroll
Actuarial cost method	Entry-age normal	Entry-age normal
Asset valuation method	Market	Market
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	25 years	25 years

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

Significant actuarial assumptions:		
(a) Investment rate of return*	8.5% compounded annually	8.5% compounded annually
(b) Projected salary increases*	5% compounded annually	5% compounded annually
(c) Cost of living adjustments	3% per year	3% per year
* Includes inflation at	3%	3%

Employer annual pension costs (APC), percentage of APC contributed and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the Annual Required Contribution (ARC) and the contributions actually made.

	Year Ending April 30,	Police Pension	Firefighters' Pension
Annual pension costs (APC):			
	2007	1,229,795	1,396,160
	2008	1,359,250	1,478,615
	2009	1,404,128	1,572,284

Percentage of APC contributed:			
	2007	84.2%	77.5%
	2008	95.9%	88.0%
	2009	91.4%	82.9%

NPO:			
	2007	4,432,296	6,191,971
	2008	4,488,227	6,369,363
	2009	4,608,935	6,637,985

The NPO at for fiscal year 2009 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$1,283,420	\$1,400,984
Interest on net pension obligation	381,499	541,396
Adjustment to annual required contribution	<u>(260,791)</u>	<u>(370,096)</u>
Annual pension cost	1,404,128	1,572,284
Contributions made	<u>1,283,420</u>	<u>1,303,662</u>
Increase in net pension obligation	120,708	268,622
Net pension obligation, beginning of year	<u>4,488,227</u>	<u>6,369,363</u>
Net pension obligation, end of year	<u>\$4,608,935</u>	<u>\$6,637,985</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**E. Pension Financial Statements**

The following is a combining statement of plan net assets as of April 30, 2009:

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and short-term investments	\$ 894,937	\$1,214,802	\$2,109,739
Receivables, less allowance for uncollectible amounts:			
Employee contributions	19,753	14,004	33,757
Employer contributions		108,748	108,748
Interest	26,445	44,137	70,582
Investments, at fair value:			
Open-end mutual funds	2,524,638	2,236,321	4,760,959
Corporate securities	1,177,761		1,177,761
U.S. treasury and agency securities	5,981,627	4,240,124	10,221,751
Corporate bonds		37,362	37,362
Prepaid items		5,732	5,732
<b>Total assets</b>	<u>10,625,161</u>	<u>7,901,230</u>	<u>18,526,391</u>
<b>Liabilities:</b>			
Accounts payable	142,409	184,653	327,062
Due to General Fund		30	30
<b>Total liabilities</b>	<u>142,409</u>	<u>184,683</u>	<u>327,092</u>
<b>Net assets held in trust for pension benefits</b>	<u>\$10,482,752</u>	<u>\$7,716,547</u>	<u>\$18,199,299</u>

The following is a combining statement of changes in plan net assets for the year ended April 30, 2009:

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 1,283,420	\$1,400,984	\$ 2,684,404
Employee	495,414	353,280	848,694
<b>Total contributions</b>	<u>1,778,834</u>	<u>1,754,264</u>	<u>3,533,098</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

Investment income (loss):			
Net appreciation (depreciation) in fair value of investments	\$ (1,481,708)	\$ (847,317)	\$ (2,329,025)
Interest and dividends	<u>330,204</u>	<u>291,948</u>	<u>622,152</u>
	(1,151,504)	(555,369)	(1,706,873)
Less: investment expenses	<u>(59,782)</u>	<u>(52,778)</u>	<u>(112,560)</u>
Net investment income (loss)	<u>(1,211,286)</u>	<u>(608,147)</u>	<u>(1,819,433)</u>
Total additions	<u>567,548</u>	<u>1,146,117</u>	<u>1,713,665</u>
Deductions:			
Benefits	1,661,152	2,270,132	3,931,284
Refunds of contributions	56,070	17,479	73,549
Administrative expenses	<u>24,252</u>	<u>45,799</u>	<u>70,051</u>
Total deductions	<u>1,741,474</u>	<u>2,333,410</u>	<u>4,074,884</u>
Net increase (decrease)	(1,173,926)	(1,187,293)	(2,361,219)
Net assets held in trust for pension benefits:			
May 1, 2008	<u>11,656,678</u>	<u>8,903,840</u>	<u>20,560,518</u>
April 30, 2009	<u>\$10,482,752</u>	<u>\$7,716,547</u>	<u>\$18,199,299</u>

**F. Funded Status**

The funded status of the Plans based on actuarial valuations performed as of April 30, 2008, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer annual pension contribution of the plans as disclosed above in Note 3 D:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial accrued liability (AAL)	\$33,676,363	\$31,736,197
Actuarial value of plan assets	12,940,099	10,207,462
Unfunded actuarial accrued liability (UAAL)	20,736,264	21,528,735
Funded ratios (actuarial value of plan assets / AAL)	38.4%	32.2%
Covered payroll (active plan members)	4,367,019	2,973,182
UAAL as a percentage of covered payroll	474.8%	724.1%

A schedule of funding progress and a schedule of employer contributions may be found in the required supplementary information immediately following the notes to the financial statements.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS:**

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* during the year ended April 30, 2009. This pronouncement required the City to calculate and record a net other post employment benefit obligation (NOPEBO) at April 30, 2009. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and actual contributions since May 1, 2008.

**Plan Description**

In addition to providing the pension benefits described, the City provides post-employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activities of the plan are reported in the City's General Fund and Kankakee Municipal Utility Fund.

**Benefits Provided**

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet COBRA requirements, except for the Public Works union employees, who are covered under the union's insurance plan.

All health care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; and prescriptions. Eligibility in the City sponsored health care plan is not discontinued upon eligibility for federally sponsored health care benefits. The retirees may continue on the City's health plan as a supplement to other plans for which the retirees are eligible.

**Membership**

At April 30, 2009, membership consisted of:

Retirees and beneficiaries currently receiving benefits	24
Terminated employees entitled to benefits but not yet receiving them	-0-
Active vested plan members	159
Active nonvested plan members	<u>103</u>
Total	<u>286</u>



**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (Continued):**

**Funding Policy**

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan (except for the Kankakee Municipal Utility retirees who contribute 20% of premium for the first three years only), to cover the cost of providing the benefits to the current members via the insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. For the fiscal year ending April 30, 2009, retirees contributed \$169,601 and the City contributed \$112,792 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**Annual OPEB Costs and Net OPEB Obligation**

The City had an actuarial valuation performed for the plan as of April 30, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. The City's annual OPEB cost (expense) of \$204,545 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of May 1, 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2009 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of April 30, 2009):

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
April 30, 2009	\$204,545	\$112,792	55.1%	\$91,753

The net OPEB obligation (NOPEBO) as of April 30, 2009, was calculated as follows:

Annual required contribution	\$204,545
Interest on net OPEB obligation	-0-
Adjustment to annual required contribution	<u>-0-</u>
Annual OPEB cost	204,545
Contributions made	<u>112,792</u>
Increase in net OPEB obligation	91,753
Net OPEB obligation beginning of year	<u>-0-</u>
Net OPEB obligation end of year	\$ <u>91,753</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (Continued):**

**Funded Status and Funding Progress**

The Funded status of the plan as of April 30, 2009 was as follows:

Actuarial accrued liability (AAL)	\$ 3,220,549
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	3,220,549
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	11,734,420
UAAL as a percentage of covered payroll	27.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate starting at 8.00% initially and 6.00% ultimately. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2009, was 30 years.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 5 - RESERVED FUND BALANCES:**

General Fund:

Reserve for Prepaid Insurance

The City is insured through the Illinois Public Risk Fund. The period of coverage is from December 15, 2008 through December 15, 2009. The portion of insurance prepaid is shown as a reserved fund balance. At April 30, 2009, the fund balance was reserved for

\$591,930

The City has prepaid its fiscal year 2010 liability insurance premium in April 2009. At April 30, 2009, the fund balance was reserved for

320,000

911,930

Reserve for Inventories

The City maintains an inventory of gasoline and supplies. The value of the inventory is shown as a reserved fund balance. At April 30, 2009, the fund balance was reserved for

20,734

Total General Fund Reserves \$932,664

Capital Projects Fund:

Reserve for Capital Projects

The City has reserved the unexpended portion of Series 2008 and Series 2009 Bonds for future capital projects within the City

\$7,850,799

Nonmajor Governmental Funds:

Debt Service Funds:

Reserve for Debt Service

The City of Kankakee has a reserve of fund balance for the retirement of General Obligation Bonds. At April 30, 2009, the fund balance was reserved for

\$1,027,220

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 5 - RESERVED FUND BALANCES (Continued):**

Tax Increment Financing Districts:

Reserve for Economic Development

The City has reserved the unexpended revenues of its various Tax Increment Financing Districts for the future economic development activities of the District. At April 30, 2009, the fund balances were reserved as follows:

Tax Increment Financing District No. 2	\$ 759,853
Tax Increment Financing District No. 3	347,583
Tax Increment Financing District No. 5	76,367
Tax Increment Financing District No. 6	179,596
Tax Increment Financing District No. 7	100,801
Tax Increment Financing District No. 8	<u>460,014</u>
	<u>\$1,924,214</u>

Motor Fuel Tax Fund:

Reserve for Unexpended Street Maintenance Programs

The City of Kankakee has reserved the unexpended amounts for the 2009 street maintenance programs for a total of \$19,258

Fiduciary Funds:

Pension Trust Funds:

Reserve for Employees' Pension Benefits

The City of Kankakee has reserved the net assets held in trust for the benefit of all active members and pensioners of the Police and Firefighters' Pension Funds. At April 30, 2009, the fund balance was reserved as follows:

Police Pension Fund	\$10,482,752
Firefighters' Pension Fund	<u>7,716,547</u>
	<u>\$18,199,299</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 6 - CAPITAL ASSETS:**

A summary of changes in capital assets of the City and its component units for the year ended April 30, 2009 is as follows:

	<u>Balance May 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2009</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,542,110	\$ 110,956		\$ 5,653,066
Construction in progress	<u>5,045,464</u>	<u>11,142,471</u>	<u>\$4,920,609</u>	<u>11,267,326</u>
Total capital assets not being depreciated	<u>10,587,574</u>	<u>11,253,427</u>	<u>4,920,609</u>	<u>16,920,392</u>
Capital assets being depreciated:				
Buildings	3,655,902	3,804,347	91,610	7,368,639
Equipment	1,615,188	125,028		1,740,216
Vehicles	5,383,635	1,237,384	186,943	6,434,076
Land improvements	2,016,896	432,959		2,449,855
Infrastructure	<u>72,051,413</u>	<u>306,016</u>	<u>8,516</u>	<u>72,348,913</u>
Total capital assets being depreciated	<u>84,723,034</u>	<u>5,905,734</u>	<u>287,069</u>	<u>90,341,699</u>
Less accumulated depreciation:				
Buildings	1,375,262	88,799	91,610	1,372,451
Equipment	1,255,950	129,658		1,385,608
Vehicles	3,353,301	369,365	175,557	3,547,109
Land improvements	627,382	110,533		737,915
Infrastructure	<u>13,031,231</u>	<u>853,136</u>	<u>7,919</u>	<u>13,876,448</u>
Total accumulated depreciation	<u>19,643,126</u>	<u>1,551,491</u>	<u>275,086</u>	<u>20,919,531</u>
Total capital assets being depreciated, net	<u>65,079,908</u>	<u>4,354,243</u>	<u>11,983</u>	<u>69,422,168</u>
Total capital assets, net	<u>\$75,667,482</u>	<u>\$15,607,670</u>	<u>\$4,932,592</u>	<u>\$86,342,560</u>

Depreciation expense for governmental activities for the year ended April 30, 2009 was charged to functions as follows:

General government	\$ 208,500
Public safety	331,235
Public works	157,021
Highways and streets	853,136
Community development	<u>1,599</u>
	<u>\$1,551,491</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 6 - CAPITAL ASSETS (Continued):**

	<u>Balance May 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2009</u>
Business-type activities:				
Kankakee Municipal Utility:				
Capital assets not being depreciated:				
Land	\$ 257,359			\$ 257,359
Construction in progress	<u>655,058</u>	<u>\$1,004,476</u>	<u>\$253,236</u>	<u>1,406,298</u>
Total capital assets not being depreciated	<u>912,417</u>	<u>1,004,476</u>	<u>253,236</u>	<u>1,663,657</u>
Capital assets being depreciated:				
Buildings	11,695,519			11,695,519
Equipment	1,390,969	7,137		1,398,106
Vehicles	637,245	24,896	23,679	638,462
Leasehold improvements	289,696			289,696
Infrastructure	<u>26,209,012</u>	<u>      </u>	<u>      </u>	<u>26,209,012</u>
Total capital assets being depreciated	<u>40,222,441</u>	<u>32,033</u>	<u>23,679</u>	<u>40,230,795</u>
Less accumulated depreciation:				
Buildings	4,413,348	247,213		4,660,561
Equipment	795,445	72,416		867,861
Vehicles	562,264	28,610	23,679	567,195
Leasehold improvements	45,388	8,296		53,684
Infrastructure	<u>8,737,235</u>	<u>586,388</u>	<u>      </u>	<u>9,323,623</u>
Total accumulated depreciation	<u>14,553,680</u>	<u>942,923</u>	<u>23,679</u>	<u>15,472,924</u>
Total capital assets being depreciated, net	<u>25,668,761</u>	<u>(910,890)</u>	<u>-0-</u>	<u>24,757,871</u>
Total capital assets, net	<u>\$26,581,178</u>	<u>\$ 93,586</u>	<u>\$253,236</u>	<u>\$26,421,528</u>
Motor Vehicle Parking:				
Capital assets not being depreciated:				
Land	<u>\$1,443,808</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$1,443,808</u>
Capital assets being depreciated:				
Equipment	82,384			82,384
Vehicles	18,555		18,555	
Land improvements	<u>731,992</u>	<u>      </u>	<u>      </u>	<u>731,992</u>
Total capital assets being depreciated	<u>832,931</u>	<u>-0-</u>	<u>-0-</u>	<u>832,931</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 6 - CAPITAL ASSETS (Continued):**

	<u>Balance May 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2009</u>
Less accumulated depreciation:				
Equipment	\$ 82,384			\$ 82,384
Vehicles	18,555			18,555
Land improvements	<u>731,992</u>	—	—	<u>731,992</u>
Total accumulated depreciation	<u>832,931</u>	\$-0-	\$-0-	<u>832,931</u>
Total capital assets being depreciated, net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total capital assets, net	<u>\$1,443,808</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$1,443,808</u>
Component Units:				
Library:				
Capital assets being depreciated:				
Buildings	\$6,422,889	\$1,335,994		\$7,758,883
Equipment	59,489			59,489
Leasehold improvements	<u>156,317</u>	—	—	<u>156,317</u>
Total capital assets being depreciated	<u>6,638,695</u>	<u>1,335,994</u>	\$-0-	<u>7,974,689</u>
Less accumulated depreciation:				
Buildings	959,034	97,000		1,056,034
Equipment	59,489			59,489
Leasehold improvements	<u>39,080</u>	<u>7,816</u>	—	<u>46,896</u>
Total accumulated depreciation	<u>1,057,603</u>	<u>104,816</u>	-0-	<u>1,162,419</u>
Total capital assets, net	<u>\$5,581,092</u>	<u>\$1,231,178</u>	\$-0-	<u>\$6,812,270</u>
Special Service Area No. 1:				
Capital assets being depreciated:				
Land improvements	\$722,535	\$138,895		\$861,430
Less accumulated depreciation:				
Land improvements	<u>44,623</u>	<u>41,683</u>	—	<u>86,306</u>
Total capital assets, net	<u>\$677,912</u>	<u>\$97,212</u>	\$-0-	<u>\$775,124</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES:**

Interfund balances at April 30, 2009 consisted of the following:

Primary government:	
Governmental funds:	
Due to General Fund from:	
Kankakee Municipal Utility	\$ 422,307
Nonmajor governmental funds	<u>886,092</u>
Total	<u>\$1,308,399</u>
Fiduciary Funds:	
Firefighters' Pension Fund	<u>\$30</u>
Component units:	
Library	<u>\$57,622</u>
Due to Capital Projects Fund from:	
Nonmajor governmental funds	<u>\$163,057</u>
Component units:	
Library	<u>\$158,205</u>
Due to nonmajor governmental funds from:	
Capital Projects Fund	\$281,851
Kankakee Municipal Utility	67,700
Nonmajor governmental funds	<u>298,051</u>
Total	<u>\$647,602</u>
Component units:	
Library	<u>\$6,740</u>
Enterprise funds:	
Due to Kankakee Municipal Utility from:	
Nonmajor governmental funds	<u>\$120,243</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All these interfund balances are expected to be repaid within one year.



**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 8 - ACCOUNTS RECEIVABLE:**

An analysis of the collectibility of accounts receivable for sewer, garbage collection, community oriented policing fees and Community Development Agency loans was performed as of April 30, 2009. The analysis shows that the collection of approximately \$624,000 of these accounts is doubtful. An allowance for uncollectible accounts for this amount has been recorded. At April 30, 2009, the City has deferred economic development loans receivable of \$851,956 since they will not be available to pay current period expenditures. All other receivables are scheduled for collection during the fiscal year ending April 30, 2009.

Accounts receivable at April 30, 2009, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
Governmental activities:			
Trash collection	\$160,947		\$ 160,947
Franchise fees	55,523		55,523
Economic development loans		\$1,040,427	1,040,427
Other receivables	<u>141,191</u>	<u>93</u>	<u>141,284</u>
Total	357,661	1,040,520	1,398,181
Less: allowance for doubtful accounts	<u>(59,000)</u>	<u>(188,000)</u>	<u>(247,000)</u>
Total accounts receivable, net	<u>\$298,661</u>	<u>\$ 852,520</u>	<u>\$1,151,181</u>
		<u>Kankakee Municipal Utility</u>	
Business-type activities:			
Sewer charges		\$1,839,885	
Garbage collection		937,485	
Other receivables		<u>19,538</u>	
Total		2,796,908	
Less: allowance for doubtful accounts		<u>(377,000)</u>	
Total accounts receivable, net		<u>\$2,419,908</u>	

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 9 - DUE FROM OTHER GOVERNMENTAL AGENCIES:**

The following receivables are included in due from other governmental agencies:

Governmental activities:

General Fund:

Sales tax	\$5,319,640
Local use tax	83,931
State replacement tax	162,620
Income tax	351,760
Various grants	<u>86,287</u>

Total General Fund 6,004,238

Capital Projects Fund:

LEED Grant	<u>45,000</u>
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Nonmajor governmental funds:

CDBG Grant	61,851
Lead Grant	28,657
Senior Aides Grant	11,224
Motor fuel taxes	<u>125,877</u>

Total nonmajor governmental funds 227,609

Total governmental activities \$6,276,847

Business-type activities:

Kankakee Municipal Utility:

Kankakee River Metropolitan Agency	<u>\$362,947</u>
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**NOTE 10 - SPECIAL ASSESSMENTS:**

The special assessments receivable of \$2,855,500 results from the creation of Indian Meadows Special Tax Assessment District for infrastructure costs. The special assessments are recorded when levied. Deferred assessments consist of unbilled special assessments which are liens against the property benefited. \$2,587,000 of the special assessments receivable is not expected to be collected within one year.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS:**

A summary of changes in long-term debt for the year ended April 30, 2009 is as follows:

	Balance May 1, 2008	Increases	Decreases	Balance April 30, 2009	Due within One Year
Primary Government:					
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$55,097,327	\$32,015,000	\$14,295,000	\$72,817,327	\$3,905,000
Premium on bond proceeds	976,099	530,285	137,041	1,369,343	
Less: deferred loss on refunded debt	<u>620,997</u>	<u>276,805</u>	<u>80,870</u>	<u>816,932</u>	
Total bonds payable	55,452,429	32,268,480	14,351,171	73,369,738	3,905,000
Installment notes	3,660,534	161,016	336,994	3,484,556	318,232
Unfunded employer pension contributions	10,857,590	389,330		11,246,920	
Compensated absences	4,217,000	312,000		4,529,000	1,013,000
Net other post employment benefit obligation		<u>132,817</u>	<u>61,909</u>	<u>70,908</u>	
Total long-term debt	<u>\$74,187,553</u>	<u>\$33,263,643</u>	<u>\$14,750,074</u>	<u>\$92,701,122</u>	<u>\$5,236,232</u>
Business-type activities:					
Bonds Payable:					
Revenue bonds	\$6,048,923		\$3,078,923	\$2,970,000	\$175,000
Compensated absences	387,800	\$15,200		403,000	55,000
Net other post employment benefit obligation		<u>71,728</u>	<u>50,883</u>	<u>20,845</u>	
Total long-term debt	<u>\$6,436,723</u>	<u>\$86,928</u>	<u>\$3,129,806</u>	<u>\$3,393,845</u>	<u>\$230,000</u>
Component units:					
Capital lease obligations	<u>\$2,300,186</u>	<u>\$1,335,944</u>	<u>\$481,532</u>	<u>\$3,154,648</u>	<u>\$98,725</u>

Long-term liabilities other than debt typically have been liquidated in the General Fund and Kankakee Municipal Utility Fund.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

Long-term debt is comprised of the following:

Governmental  
Activities

General Obligation Bonds

The City has issued several general obligation serial bonds to provide for the costs of the City's various public infrastructure and capital improvement programs. General obligation bonds at April 30, 2009, consist of the following:

\$3,595,000 City of Kankakee serial bonds dated December 1, 2001, due in annual installments on January 1, of amounts ranging from \$80,000 to \$365,000 through January 2015, plus interest ranging from 2.1% to 4.5%, payable semiannually.	\$ 1,915,000
\$3,960,000 City of Kankakee serial bonds dated June 1, 2003, due in annual installments on January 1, of amounts ranging from \$35,000 to \$1,240,000, through January 2014, plus interest ranging from 2.25% to 5.25%, payable semiannually.	3,350,000
\$4,860,000 City of Kankakee serial bonds dated June 1, 2003, due in annual installments on January 1, of amounts ranging from \$250,000 to \$490,000, through January 2019, plus interest ranging from 2.25% to 5.25%, payable semiannually.	3,800,000
\$9,600,000 City of Kankakee serial bonds dated April 1, 2004, due in annual installments on January 1, of amounts ranging from \$130,000 to \$1,820,000, through January 2020, plus interest ranging from 2.0% to 4.0%, payable semiannually.	7,560,000
\$9,160,000 City of Kankakee serial bonds dated February 1, 2005, due in annual installments on January 1 of amounts ranging from \$115,000 to \$815,000, through January 2024 plus interest ranging from 3.0% to 4.35%, payable semiannually.	8,240,000

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

\$9,555,000 City of Kankakee serial bonds dated September 15, 2006, due in annual installments on January 1 of amounts ranging from \$40,000 to \$1,125,000, through January 2025, plus interest ranging from 3.50% to 5.25%, payable semiannually.	\$ 9,220,000
\$5,405,000 City of Kankakee serial bonds dated August 2, 2007, due in annual installments on January 1 of amounts ranging from \$110,000 to \$700,000, through January 2027, plus interest ranging from 4.0% to 5.0%, payable semiannually.	5,295,000
\$1,422,327 City of Kankakee serial bonds dated August 2, 2007, due in annual installments on January 1 of amounts ranging from \$267,496 to \$402,672, through January 2018, plus interest ranging from 4.25% to 4.36%, payable annually.	1,422,327
\$6,930,000 City of Kankakee serial bonds dated June 1, 2008, due in annual installments on January 1 of amounts ranging from \$315,000 to \$1,075,000, through January 2024, plus interest ranging from 3.45% to 5.25% payable semiannually.	6,930,000
\$10,180,000 City of Kankakee serial bonds dated April 15, 2009, due in annual installments on January 1 of amounts ranging from \$80,000 to \$1,025,000 through January 2029, plus interest ranging from 2.30% to 5.00% payable semiannually.	10,180,000
\$14,905,000 City of Kankakee serial bonds dated April 15, 2009 due in annual installments on January 1 of amounts ranging from \$35,000 to \$2,275,000 through January 2025, plus interest ranging from 3.00% to 5.00% payable semiannually.	<u>14,905,000</u>
Total general obligation bonds	72,817,327
Add: Unamortized premium on bond issuance and deferred loss on early retirement of bonds, net	<u>552,411</u>
Total bonds payable	<u>\$73,369,738</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

The annual requirements to amortize all short and long-term general obligation bonds outstanding at April 30, 2009, are as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,905,000	\$ 2,639,218	\$ 6,544,218
2011	4,285,000	2,788,055	7,073,055
2012	4,530,000	2,646,703	7,176,703
2013	4,655,000	2,493,092	7,148,092
2014	4,960,000	2,304,388	7,264,388
2015 - 2019	25,777,327	9,294,826	35,072,153
2020 - 2024	17,270,000	3,977,947	21,247,947
2025 - 2029	<u>7,435,000</u>	<u>825,308</u>	<u>8,260,308</u>
	<u>\$72,817,327</u>	<u>\$26,969,537</u>	<u>\$99,786,864</u>

**Installment Notes**

	<u>Governmental</u> <u>Activities</u>
\$262,160 unsecured bank note, dated December 16, 2003, payable in 12 semiannual installments of \$24,243, including interest at 3.23%, through December 16, 2009.	\$ 47,293
Non-interest bearing \$200,000 loan dated February 22, 2005, from the Illinois Finance Authority for the purchase of a fire truck, payable in twenty annual installments of \$10,000, commencing on November 1, 2005 through November 1, 2024.	160,000
\$2,876,532 general obligation bank note, dated January 30, 2008, secured by the full faith, credit and resources of the City, payable in 10 annual installments of \$352,500, including interest at 4.14%, through January 1, 2018.	2,777,263
\$500,000 Department of Housing and Urban Development Community Development Block Grant (CDBG) Section 108 loan dated February 27, 2008, secured by current and future CDBG funding allocations. The loan is payable in a one time payment of \$500,000 on December 2017, plus interest paid quarterly at a rate 20 basis points above the LIBO rate on the first date of each February, May, August and November.	<u>500,000</u>
Total installment notes	<u>\$3,484,556</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

The annual requirements to amortize all long-term installment loans outstanding at April 30, 2009, are as follows:

Year Ending April 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 318,232	\$123,673	\$ 441,905
2011	281,724	111,695	393,419
2012	292,983	100,436	393,419
2013	304,698	88,720	393,418
2014	316,899	76,520	393,419
2015 - 2019	1,910,020	168,021	2,078,041
2020 - 2024	50,000		50,000
2025	10,000		10,000
	<u>\$3,484,556</u>	<u>\$669,065</u>	<u>\$4,153,621</u>

**Capital Lease Obligation**

The City has entered into a lease agreement as lessee for financing the acquisition of the library building. This lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments in the appropriate capital asset accounts. The following is a schedule of capital lease obligations and the minimum lease payments:

	Component Units
\$7,758,882 lease, plus interest of \$2,628,206, due in monthly installments of \$21,184.60, including interest, through October 2028. Payable from Kankakee Public Library Fund, a component unit.	<u>\$3,154,648</u>

The following is an analysis of the assets recorded under capital leases at April 30, 2009:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Component Units - Library:			
Buildings	<u>\$7,758,882</u>	<u>\$1,056,034</u>	<u>\$6,702,848</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

Future minimum lease payments for all capital lease obligations:

<u>Year Ending</u> <u>April 30,</u>	<u>Component Unit -</u> <u>Library</u>
2010	\$ 254,215
2011	254,215
2012	254,215
2013	254,215
2014	254,215
2015 - 2019	1,271,076
2020 - 2024	1,271,076
2025 - 2029	<u>1,122,784</u>
Total minimum lease payments	4,936,011
Less: amount representing interest	(1,781,363)
Present value of minimum lease payments	<u>\$3,154,648</u>

**Unfunded Employer Pension Contributions**

Cumulative difference between the annual pension cost and the contributions funded for the Police Pension Fund	\$ 4,608,935
Cumulative difference between the annual pension cost and the contributions funded for the Firefighters' Pension Fund	<u>6,637,985</u>
Total unfunded employer pension contributions due from General Fund	<u>\$11,246,920</u>

**Compensated Absences**

	<u>Governmental</u> <u>Activities</u>	<u>Business -</u> <u>type</u> <u>Activities</u>
Vested portion of the vacation and sick leave and other employee benefits which are expected to be paid from the governmental funds and enterprise funds	<u>\$4,529,000</u>	<u>\$403,000</u>



**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

Net Other Post Employment Benefits

	<u>Governmental Activities</u>	<u>Business - type Activities</u>
Cumulative difference between the actuarially determined annual other post employment benefit cost and contributions made for the governmental funds and enterprise funds	<u>\$70,908</u>	<u>\$20,845</u>

Revenue Bonds

Details of the revenue bond indebtedness of the City's Enterprise Funds at April 30, 2009, are as follows:

\$4,270,000 Kankakee Municipal Utility serial bonds dated December 1, 2001, due in annual installments on May 1, of amounts ranging from \$145,000 to \$295,000 through May 1, 2022, plus interest at rates ranging from 2.45% to 5.00%, payable semiannually.	<u>\$2,970,000</u>
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Debt service on the above revenue bonds payable at April 30, 2009, are as follows:

<u>Year Ending April 30,</u>	<u>Kankakee Municipal Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 175,000	\$ 137,208	\$ 312,208
2011	180,000	130,120	310,120
2012	190,000	122,650	312,650
2013	195,000	114,670	309,670
2014	205,000	106,188	311,188
2015 - 2019	1,175,000	382,493	1,557,493
2020 - 2022	<u>850,000</u>	<u>85,696</u>	<u>935,696</u>
	<u>\$2,970,000</u>	<u>\$1,079,025</u>	<u>\$4,049,025</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

The revenue bond ordinances require that all monies held in the Kankakee Municipal Utility be segregated and restricted in separate special reserve accounts, in the priority indicated by the order of the following:

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Operation and maintenance	Sufficient amount to pay reasonable monthly expenses	Paying expenses of maintenance and operation of the system
Bond and interest	Monthly payment of 1/6 of next interest due and 1/12 of next principal due until amount is sufficient to pay current bond and interest payment	Paying principal and interest on bonds
Bond reserve	Monthly payment of 1/24 of the difference between the amount on deposit to the credit of the bond reserve account at the time of delivery of the bonds and the maximum annual debt service	Paying principal and interest on bonds when monies are insufficient in Bond and Interest account. After the account reaches \$313,858 (maximum principal and interest due in any one year), such monthly payments may cease.
Reserve and replacement	\$10,000 per month	Paying costs of extraordinary maintenance, repairs and necessary replacements. After the account accumulates to \$500,000 such monthly payment may cease.
Surplus	Annually, the amount remaining after payment into the above four accounts	<p>Reserve for deficiencies in the other reserves and there after, without any priority among them, for one or more of the following purposes:</p> <p>For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the system; or</p> <p>For the purpose of calling and redeeming outstanding bonds which are callable at the time; or</p> <p>For the purpose of purchasing outstanding bonds which are not callable at the time at a price not to exceed par and accrued interest to the date of purchase; or</p> <p>For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the system; or</p> <p>For any other lawful system purpose.</p>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

The Utility met all reserve provisions as required above for the year ended April 30, 2009. Following is a summary of restricted cash and investments:

	<u>Bond and interest account</u>	<u>Bond reserve account</u>	<u>Reserve and replacement account</u>	<u>Surplus account</u>	<u>Restricted for debt service</u>
Balances, May 1, 2008	\$ 62,885	\$919,892	\$164,002	\$ 33,391	\$1,180,170
Net increase (decrease) in reserves	<u>249,322</u>	<u>(605,774)</u>	<u>335,998</u>	<u>1,065,585</u>	<u>1,045,131</u>
Balances, April 30, 2009	<u>\$312,207</u>	<u>\$314,118</u>	<u>\$500,000</u>	<u>\$1,098,976</u>	<u>\$2,225,301</u>

The Kankakee Municipal Utility covenants in the bond ordinance to establish, maintain and collect at all times fees, charges and rates for the use and service of the system, sufficient at all times to pay operating and maintenance costs, to pay the principal of and interest on all revenue bonds of the City which by their terms are payable solely from the revenues, to provide net revenues in each fiscal year in the amount of not less than 120 percent of the current debt service requirement for all outstanding bonds for such fiscal year, and to the extent necessary after the application of the net revenues available pursuant to the rate covenant described in this paragraph, such additional amounts as may be required to provide an adequate depreciation fund, and to provide for the creation and maintenance of the respective accounts described above. "Current Debt Service Requirement" as used in this paragraph means the amount required to be credited under the bond ordinance to the bond and interest account in a given fiscal year. "Revenues" as defined in the bond ordinance and as used in the covenant calculation does not include proceeds from the sale of capacity. During the year ended April 30, 2009, the Kankakee Municipal Utility did comply with this rate covenant. The covenant calculation is included on page 119.

**Required Bond Indenture Disclosures**

**Insurance Coverage** - The plant, buildings and contents were insured at April 30, 2009 for \$7,196,000 under the City of Kankakee master policy with the HCC Insurance Company. The Kankakee Municipal Utility is also included on the master umbrella liability policy for the City of Kankakee, Illinois, with the HCC Insurance Company. The April 30, 2009 coverage is as follows:

Property damage	\$ 3,000,000	Per Wrongful Act
Auto liability	1,000,000	Per Wrongful Act
Comprehensive liability	6,000,000	Per Wrongful Act
Annual aggregate coverage	10,000,000	Each Event

**Customer and Flow Information** - Most of the customers have a water meter; the number of unmetered customers is negligible. As of April 30, 2009 there were 8,083 customers providing sewer charge revenue as follows:

	<u>Number of Customers</u>	<u>Sewer Charges</u>
Residential and commercial	8,043	\$2,672,471
Industrial and institutional	<u>40</u>	<u>5,019,617</u>
Total	<u>8,083</u>	<u>\$7,692,088</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

**User Rates** - The rates in effect at April 30, 2009 were as follows:

Flow charge (100 cu. ft.)	\$ 2.89
BOD surcharge (lb.)	.40
SS surcharge (lb.)	.40
FOG surcharge (lb.)	.36
GW contaminated (100 cu. ft.)	7.15
Fixed charge (month)	22.50
IPP charges	5%

**Outstanding Bond Issues** - 2001 bonds due May 1, 2005 to 2011 are noncallable in advance of maturity. 2001 bonds due May 1, 2012 to 2022 are callable on any date on or after May 1, 2011.

**NOTE 12 - PROPERTY TAXES:**

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector who remits to the City its share of the collection. Taxes levied for calendar year 2007 were due, payable, and collected in two installments in June and September 2008.

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. The City considers property tax revenue to be available if it is collected during the current year or within 60 days after year end. Property taxes levied for calendar year 2007 are intended to finance the fiscal year 2009 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2009 for collections from the calendar year 2007 levy if it was received by June 30, 2009. Property taxes levied for calendar year 2008, which will be collected in fiscal year 2010, are recorded as receivables and deferred revenue as of April 30, 2009. The City and its component units have not deferred property taxes receivable based on the availability criteria at April 30, 2009. The 2009 tax levy, which attaches as an enforceable lien on property as of January 1, 2009, has not been recorded as a receivable as of April 30, 2009, as the tax has not yet been levied by the City and will not be levied until December 2009, and therefore, the levy is not measurable at April 30, 2009.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 13 - INTERFUND TRANSFERS:**

Fund Transferred From	Fund Transferred To				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental	Kankakee Municipal Utility	
General Fund			\$ 470,278		\$ 470,278
Capital Projects Fund	\$ 77,858		426,784	\$2,003,226	2,507,868
Kankakee Municipal Utility	698,948		181,577		880,525
Nonmajor Governmental Funds	<u>1,080,905</u>	<u>\$195,814</u>	<u>1,563,725</u>	<u>3,808,938</u>	<u>6,649,382</u>
	<u>\$1,857,711</u>	<u>\$195,814</u>	<u>\$2,642,364</u>	<u>\$5,812,164</u>	<u>\$10,508,053</u>

The following paragraphs provide information concerning the various interfund transfers for the year ended April 30, 2009:

The General Fund transferred \$455,087 to the Debt Service Fund to provide for bond and interest retirement.

The General Fund transferred \$15,191 to the Park Fund to cover its fund deficit.

The Capital Projects Fund transferred \$2,003,226 to the Kankakee Municipal Utility to provide for capital improvement projects.

The Capital Projects Fund transferred \$77,858 to the General Fund to provide for capital related costs incurred on behalf of Capital Projects Fund.

The Capital Projects Fund transferred \$426,784 to the Debt Service Fund to provide for interest retirement.

The Kankakee Municipal Utility Fund transferred \$582,948 to the General Fund to provide for payments in arrears to the Debt Service Fund for 1992A General Obligation Bond, provided for by the General Fund.

The Kankakee Municipal Utility transferred \$116,000 to General Fund as payment in lieu of taxes.

The Kankakee Municipal Utility Fund transferred \$181,577 to the Debt Service Fund to provide for bond and interest retirement.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 13 - INTERFUND TRANSFERS (Continued):**

The following Tax Increment Financing Districts transferred funds to the Debt Service Fund to provide for bond and interest retirement:

Tax Increment Financing District No. 1	\$464,975
Tax Increment Financing District No. 2	72,730
Tax Increment Financing District No. 4	72,730
Tax Increment Financing District No. 5	129,785
Tax Increment Financing District No. 6	218,663
Tax Increment Financing District No. 7	35,490
Tax Increment Financing District No. 8	404,738

The following Tax Increment Financing Districts transferred funds to the General Fund to provide for the public safety costs incurred on behalf of the District:

Tax Increment Financing District No. 1	\$175,000
Tax Increment Financing District No. 2	252,562
Tax Increment Financing District No. 3	236,090
Tax Increment Financing District No. 4	326,000
Tax Increment Financing District No.6	91,253

The Tax Increment Financing District No. 2 Fund transferred \$195,814 to the Capital Projects Fund to provide for the costs incurred in the purchase of a fire truck.

The General Obligation Bonds, Series 2009 Bond Fund transferred \$3,808,938 to the Kankakee Municipal Utility Fund to provide for the refunding of Revenue Bonds, Series 1999.

The following Debt Service Funds were closed as a result of refunding and the excess funds transferred to the General Obligation Bonds, Series 2009 Fund.

General Obligation Bonds, Series 1997 Fund	\$ 2,686
General Obligation Bonds, Series 1998A Fund	111,972
General Obligation Bonds, Series 1999 Fund	45,302
General Obligation Bonds, Series 2000A Fund	4,654

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 14 - DEFERRED REVENUE:**

The balance in the deferred revenues at April 30, 2009, is composed of the following elements:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Funds:		
General Fund:		
Property taxes receivable		\$ 4,202,487
Unexpended grant receipts		103,158
Advance collection of licenses and fees		139,310
Nonmajor Governmental Funds:		
Property taxes receivable		7,996,625
Loans receivable net of allowance for uncollectible amounts	\$851,956	_____
Total governmental funds	\$851,956	\$12,441,580
Component Units:		
Library Fund:		
Property taxes receivable		\$1,590,584
Special Service Area # 1:		
Property taxes receivable		122,900
Total component units		\$1,713,484

**NOTE 15 - RELATED PARTY TRANSACTIONS:**

The following describes transactions between the City and its component units for the year ended April 30, 2009:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects Fund	Special Service Area #1	\$232,949	To provide for various repairs and improvements.
Capital Projects Fund	Library	\$246,600	To provide for building repairs and improvements.
		\$479,549	

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 16 - SEGMENT INFORMATION:**

**Kankakee Municipal Utility** - Accounts for the operation of the City sewer and solid waste systems and the production, transmission and delivery of electric power. The City issues revenue bonds to support its utility activities. The fund financial statements report the Utility as a major fund. All segment report requirements are included in the fund financial statements.

**NOTE 17 - FEDERAL PROGRAM AUDITS:**

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME Grants, Lead-based Paint Hazard Control Program and various other public safety grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of April 30, 2009, significant amounts of grant expenditures have not been audited by the grantors, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

**NOTE 18 - COMMITMENTS:**

**Lease Commitments**

In July 1988, the City leased the Kankakee Dam for 60 years from the Illinois Department of Conservation for the purpose of constructing, operating and maintaining the Hydroelectric Plant. The annual lease payment is based on the number of kilowatt hours of electricity produced by the Hydroelectric Plant plus \$1,200 each year. The annual lease payment for the year ended April 30, 2009 was \$1,583.

Kankakee Municipal Utility entered into a lease agreement with Space Center Chicago, Inc. on October 5, 2001 to lease 34,922 square feet of office and warehouse space. The lease was scheduled to commence on December 15, 2001 and continue for a period of 240 months. The actual commencement date was April 2002. Rent consists of a base amount plus additional rent composed of operating expenses, amortization of tenant improvements and Common Area Maintenance charges. Rent expense for the year ended April 30, 2009 was \$238,106.

Kankakee Municipal Utility entered into a lease agreement with the Village of Manteno on February 20, 2006, to provide the means and use of the City's ability to transport and treat wastewater generated by the Village of Manteno and provide for the compensation by Manteno for the rights to utilize the collection and treatment capacity owned by Kankakee. The Village of Manteno will lease the transport and treatment capacity of 1,000,000 gallons per day, (365,000,000 gallons annually) from the City for a period of 20 years for a sum of \$150,000 per year. The annual lease payment received for the year ended April 30, 2009 was \$150,000.



**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

**NOTE 18 - COMMITMENTS (Continued):**

Kankakee Municipal Utility entered into an intergovernmental agreement with the Village of Chebanse on April 5, 2004, to provide sanitary sewer service for the residents of Chebanse. Under this agreement, Chebanse would construct sanitary sewer facilities including service lines, pump stations and the force main line in accordance with IEPA standard policies, procedures and ordinances. At the completion of this construction, the force main will be connected to the City's sewer system. A letter was received from Chebanse on November 12, 2007, officially requesting permission to discharge the Village's waste into the City's sewer system. The utility designed and installed a meter to measure flow upon which billing is based. For the year ended April 30, 2009, the Kankakee Municipal Utility received \$84,436 based upon the number of connections established for the residents of Chebanse.

**Construction Commitments**

The City has several active construction projects as of April 30, 2009. These projects and the City's commitment with contractors at April 30, 2009 are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Riverfront Trail	\$ 53,547	\$ 993
Wall Street project	779,545	11,650
Public Safety Building	7,179,669	385,765
Public Safety Building – parking lot	651,425	18,946
Indiana Avenue parking lot	110,956	313,000
Ornamental lighting	2,094,172	205,828
Butterfield Force Main Extension	<u>141,738</u>	<u>84,082</u>
	<u>\$11,011,052</u>	<u>\$1,020,264</u>
Business-type activities:		
Hydroelectric project	\$ 596,868	\$236,880
Indian Meadows	<u>699,507</u>	<u>62,749</u>
	<u>\$1,296,375</u>	<u>\$299,629</u>

**NOTE 19 - EXPENDITURES AND APPROPRIATIONS:**

Excess of expenditures over appropriations in individual funds for the year ended April 30, 2009 were as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Park Fund	\$ 50,590	\$ 35,000	\$ 15,590
Illinois Municipal Retirement Fund	717,409	540,000	177,409

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 20 - INVESTMENT IN JOINT VENTURE:**

**Kankakee River Metropolitan Agency**

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA). The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amount of user charges, approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the Agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2009, the City has recorded in the Kankakee Municipal Utility an investment in the joint venture of \$398,471 relative to its investment in KRMA.

Financial statements of KRMA can be obtained from the City's accounting department. Pertinent financial information for the joint venture as of April 30, 2009 is as follows:

Statement of net assets:	
Current assets	\$ 405,437
Restricted assets and bond issuance costs	974,990
Capital assets, net	<u>21,235,056</u>
Total assets	<u>22,615,483</u>
Current liabilities	1,836,937
Long-term liabilities	<u>20,400,187</u>
Total liabilities	<u>22,237,124</u>
Total net assets	\$ <u>378,359</u>
Statement of revenues, expenses and changes in net assets:	
Operating revenues	\$ 5,626,942
Operating expenses	(5,473,729)
Other income (expense)	<u>(648,018)</u>
Change in net assets	(494,805)
Ownership percentage	<u>55.15%</u>
Utility's share of net income (equity interest in joint venture income)	\$ <u>(272,874)</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 20 - INVESTMENT IN JOINT VENTURE (Continued):**

**Wi-Fi Kankakee, LLC**

Effective May 15, 2006, pursuant to a joint operating agreement, the City and *Kankakee Daily Journal* (KDJ), a local newspaper company, formed a limited liability company named Wi-Fi Kankakee, LLC (Wi-Fi), with an equal ownership of 50 percentages each for the City and KDJ. The purpose of Wi-Fi is to design, acquire, establish, install, operate, maintain and own a system by which authorized individual users (residents, businesses, visitors) may obtain and use, within the boundaries of the City, wireless access to the internet. The agreement requires each item of Wi-Fi's income, gain, loss, deduction and credit be allocated equally to the City and KDJ.

As of April 30, 2009, the City has recorded in the Kankakee Municipal Utility an investment in joint venture of \$7,207, relative to its investment in Wi-Fi.

Audited financial statements of Wi-Fi are not available. At April 30, 2009, the City has recorded in Kankakee Municipal Utility an equity interest in joint venture income (loss) of Wi-Fi in the amount of \$(2,018).

**NOTE 21 - RISK MANAGEMENT AND LITIGATION:**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City utilizes conventional outside insurance to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. In addition, a safety committee works at prevention activities to keep risk exposure at a minimum level through employee education and monitoring of risk control activities. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of April 30, 2009 will not materially affect the financial condition of the City or any of the individual funds. Therefore, the General Fund contains no provision for estimated claims.

**NOTE 22 - SALES TAX INCENTIVES:**

The City has entered into various sales tax sharing agreements with several retail firms to generate additional revenue for the General Fund. These tax sharing programs are based on the retail firm's willingness to site a purchasing and/or a sales approval office within the boundaries of the City. These agreements provide for rebating a portion of the sales taxes generated on the transactions of the partnering firm conducted within the City. During the fiscal year ended April 30, 2009, \$17,617,181 in sales taxes was rebated under these agreements. At April 30, 2009, the City owed \$5,485,513 in sales tax incentives to various firms which are reflected in accounts payable in the General Fund.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 23 - RESTATEMENT OF NET ASSETS:**

The City has restated the net assets for its proprietary fund financial statements and government-wide financial statements as of May 1, 2008, to report sewer fees received this year and recognized as revenues in prior years resulted from the correction of prior year billings of certain commercial entities.

**Fund Statements**

**Kankakee  
Municipal Utility**

Net assets, May 1, 2008, as previously reported	\$25,313,195
Restated for:	
Sewer fees	<u>139,258</u>
Net assets, May 1, 2008, restated	<u>\$25,452,453</u>

**Entity-Wide Financial Statements**

**Business-Type  
Activities**

Net assets, May 1, 2008, as previously reported	\$26,824,736
Restated for:	
Sewer fees	<u>139,258</u>
Net assets, May 1, 2008, restated	<u>\$26,963,994</u>

**NOTE 24 - DEFICIT FUND BALANCE:**

At April 30, 2009, the following funds had a deficit fund balance. This deficit is not in violation of any state law.

General Obligation Bond Series 2008 Fund	\$ 42,826
Indian Meadows Debt Service Fund	2,768
Tax Increment Financing District No. 4 Fund	143,922
Tax Increment Financing District No. 1 Fund	358,793

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2009**

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**NOTE 25 - BOND REFUNDING:**

On April 22, 2009 the City issued \$14,905,000 of General Obligation Bonds, Series 2009B, with an average interest rate of 3.78 percent from which the proceeds were used to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of the current refunding of the following:

	<u>Average Interest Rate</u>
\$410,000 General Obligation Bonds, Series 1997A	5.25%
\$4,720,000 General Obligation Bonds, Series 1998A	4.47%
\$2,915,000 General Obligation Bonds, Series 1999A	4.66%
\$3,795,000 Revenue Bonds, Series 1999	5.05%

and the advanced refunding of the following:

\$2,665,000 General Obligation Bonds, Series 2000A	5.35%
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The flow of funds relative to the refunding bonds issued is as follows:

Sources of funds:

Principal amount of refunding bonds	\$14,905,000
Premium on bonds	222,824
Municipal Utility contribution for refunding	<u>225,000</u>
	<u>\$15,352,824</u>

Use of funds:

Payments to refunded bond escrow	\$15,020,744
Underwriting fees, insurance and other issuance costs	<u>332,080</u>
	<u>\$15,352,824</u>

As a result of the above refunding, the refunded bonds were retired and the liability was removed from the governmental and business-type activities columns of the statement of net assets, as applicable. The reacquisition price exceeded the net carrying amount of the old debt by \$428,886. This amount is being netted against the new debt and amortized over the lives of the refunded debts, which are shorter than the life of the new debt issued. The City decreased its total debt service requirements (difference between the cash flow requirements to service old and new debt) by \$8,246, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$17,408.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the year ended April 30, 2009**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Taxes	\$41,272,715	\$41,272,715	\$ 35,437,201	\$ (5,835,514)
Licenses, permits and fees	1,075,400	1,075,400	1,122,222	46,822
Charges for services	804,096	804,096	741,914	(62,182)
Fines and penalties	707,000	707,000	449,781	(257,219)
Intergovernmental	508,260	508,260	393,274	(114,986)
Interest	330,000	330,000	33,403	(296,597)
Miscellaneous	335,033	335,033	261,767	(73,266)
Total revenues	<u>45,032,504</u>	<u>45,032,504</u>	<u>38,439,562</u>	<u>(6,592,942)</u>
Expenditures:				
Current:				
General government	5,131,117	5,131,117	5,868,673	737,556
Public safety	14,400,891	14,400,891	14,798,160	397,269
Public works	2,392,660	2,392,660	2,415,695	23,035
Community development			5,690	5,690
Economic development	22,914,535	22,914,535	17,617,181	(5,297,354)
Debt Service:				
Principal retirement			20,901	20,901
Interest and fiscal charges			697	697
Total expenditures	<u>44,839,203</u>	<u>44,839,203</u>	<u>40,726,997</u>	<u>(4,112,206)</u>
Excess (deficiency) of revenues over expenditures	<u>193,301</u>	<u>193,301</u>	<u>(2,287,435)</u>	<u>(2,480,736)</u>
Other financing sources (uses):				
Transfers:				
From other funds	600,000	600,000	1,857,711	1,257,711
To other funds	(479,301)	(479,301)	(470,278)	9,023
Total other financing sources (uses)	<u>120,699</u>	<u>120,699</u>	<u>1,387,433</u>	<u>1,266,734</u>
Net change in fund balance	<u>\$ 314,000</u>	<u>\$ 314,000</u>	<u>(900,002)</u>	<u>\$ (1,214,002)</u>
Fund balance, May 1, 2008			<u>3,104,964</u>	
Fund balance, April 30, 2009			<u>\$ 2,204,962</u>	

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -**  
**BUDGETARY COMPARISON SCHEDULE**  
**April 30, 2009**

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**NOTE 1 - BUDGETARY ACCOUNTING:**

The City adopts annual budgets for the General Fund, Band Fund, Park Fund, Illinois Municipal Retirement Fund, Special Service Area No. 2 and Special Service Area No. 3. For Community Development Agency, Senior Aides, Motor Fuel Tax, and Tax Increment Financing District funds, legally authorized non-appropriated budgets are utilized to control expenditures on a project (or designated purpose) basis and are carried forward each year until the project is completed or the grant award has been expended. No legally adopted budgets are prepared for capital projects funds and debt service funds. Expenditures for capital project funds are controlled on a project basis. Expenditures for debt service funds are controlled through general obligation bonds' indenture provisions. Budgets for enterprise funds serve as a spending guide for the City and do not constitute legally binding limitations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the City Council's budget committee submits to the City Council a proposed operating budget for the fiscal year which had commenced May 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to August 1, the budget is legally enacted through passage of the annual appropriation ordinance. This ordinance places legal restrictions on expenditures at the department level for the General Fund and at the fund level for the Special Revenue Funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.
4. Revenues are budgeted by source. Although legal restrictions on expenditures are established at the department level for the General Fund and at the fund level for Special Revenue Funds, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets such as personal services, materials and supplies, capital outlay, contractual and debt service. Expenditures are budgeted by fund and department and classified by function, activity and/or program. Management may transfer budgeted amounts between line items within a department in the General Fund and within a fund in the Special Revenue Funds without the approval of the City Council.
5. All budgets are adopted on a modified accrual basis. Unencumbered and unexpended appropriations lapse at fiscal year end.



**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**April 30, 2009**

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Actuarial Valuation Date December 31,	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ---Entry Age ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a ) / c )
2008	\$14,024,803	\$17,070,490	\$ 3,045,687	82.16%	\$ 5,655,415	53.85%
2007	16,700,977	16,228,325	(472,652)	102.91%	5,448,065	(8.68%)
2006	15,930,997	16,047,139	116,142	99.28%	5,300,924	2.19%
2005	15,029,323	14,644,035	(385,288)	102.63%	5,175,035	(7.45%)
2004	13,670,956	13,269,673	(401,283)	103.02%	5,070,450	(7.91%)
2003	14,944,651	13,991,022	(953,629)	106.82%	5,311,719	(17.95%)
2002	14,741,685	12,766,158	(1,975,527)	115.47%	5,356,081	(36.88%)
2001	15,930,360	12,132,670	(3,797,690)	131.30%	5,440,324	(69.81%)
2000	15,265,055	11,279,991	(3,985,064)	135.33%	5,164,986	(77.16%)
1999	13,723,118	10,299,124	(3,423,994)	133.25%	5,018,601	(68.23%)

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On a market value basis, the actuarial value of assets as of December 31, 2008 is \$9,886,276. On a market basis, the funded ratio would be 57.91%.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE PENSION FUND**  
**April 30, 2009**

Actuarial Valuation Date April 30,	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ---Entry Age ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a ) / c )
2008	\$12,940,099	\$33,676,363	\$20,736,264	38.42%	\$ 4,367,019	474.84%
2007	12,567,316	31,376,263	18,808,947	40.05%	4,189,099	449.00%
2006	11,760,602	30,146,624	18,386,022	39.01%	4,088,956	449.65%
2005	11,178,721	27,683,110	16,504,389	40.38%	3,689,544	447.33%
2004	10,839,066	26,207,141	15,368,075	41.36%	3,697,174	415.67%
2003	10,140,012	24,391,727	14,251,715	41.57%	3,372,609	422.57%
2002	10,452,757	23,056,893	12,604,136	45.33%	3,395,319	371.22%
2001	11,191,083	21,482,299	10,291,216	52.09%	3,195,355	322.07%
2000	12,558,886	19,982,474	7,423,588	62.85%	2,914,227	254.74%
1999	11,120,244	18,817,976	7,697,732	59.09%	2,874,407	267.80%

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FUNDING PROGRESS**  
**FIREFIGHTERS' PENSION FUND**  
**April 30, 2009**

Actuarial Valuation Date April 30,	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ---Entry Age ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a ) / c )
2008	\$10,207,462	\$31,736,197	\$21,528,735	32.16%	\$ 2,973,182	724.10%
2007	10,578,956	30,541,100	19,962,144	34.64%	3,008,348	663.56%
2006	10,236,367	29,094,938	18,858,571	35.18%	2,866,921	657.80%
2005	10,147,331	27,661,230	17,513,899	36.68%	2,673,932	654.99%
2004	10,431,881	26,119,708	15,687,827	39.94%	2,427,257	646.32%
2003	10,052,187	26,192,190	16,140,003	38.38%	2,352,187	686.17%
2002	10,819,597	25,431,162	14,611,565	42.54%	2,299,154	635.52%
2001	11,450,544	24,296,512	12,845,968	47.13%	2,213,379	580.38%
2000	12,211,206	23,353,668	11,142,462	52.29%	2,244,729	496.38%
1999	10,944,127	22,235,656	11,291,529	49.22%	2,283,580	494.47%

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**April 30, 2009**

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Actuarial Valuation Date April 30,	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry-Age Normal ( b )	Funded Ratio ( a/b )	Unfunded Actuarial Accrued Liability (UAAL) ( b-a )	Active Members' Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a ) / c )
2009	\$ -0-	\$ 3,220,549	0.00%	\$ 3,220,549	\$11,734,420	27.45%

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The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**POLICE PENSION FUND**  
**April 30, 2009**

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<u>Year Ended April 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 1,283,420	\$ 1,283,420	100.00%
2008	1,234,017	1,234,017	100.00%
2007	1,104,725	1,104,725	100.00%
2006	1,035,423	1,035,423	100.00%
2005	954,929	954,259	99.93%
2004	856,688	856,688	100.00%
2003	701,806	701,806	100.00%
2002	536,964	536,964	100.00%
2001	540,496	538,428	99.62%
2000	465,000	535,942	115.26%

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FIREFIGHTERS' PENSION FUND**  
**April 30, 2009**

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<u>Year Ended April 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2009	\$1,400,984	\$1,400,984	100.00%
2008	1,303,662	1,303,662	100.00%
2007	1,222,675	1,222,675	100.00%
2006	1,082,677	1,082,677	100.00%
2005	1,085,807	1,090,926	100.47%
2004	984,722	984,722	100.00%
2003	874,715	887,458	101.46%
2002	768,601	769,597	100.13%
2001	763,870	763,606	99.97%
2000	700,000	788,888	112.70%

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**April 30, 2009**

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<u>Year Ended April 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 204,545	\$ 112,792	55.14%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009.  
Information for prior years is not available.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**



**CITY OF KANKAKEE, ILLINOIS**  
**MAJOR FUNDS**

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**General Fund**

Accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES AND COMPARISON TO BUDGET**  
**GENERAL FUND**  
**For the year ended April 30, 2009**  
**(With comparative totals for 2008)**

	Budgeted Amounts		2009	2008
	Original	Final	Actual	Actual
<b>Taxes:</b>				
Property taxes	\$ 3,950,762	\$ 3,950,762	\$ 4,021,917	\$ 3,738,072
State income tax	2,430,000	2,430,000	2,504,837	2,531,188
Local use tax	370,000	370,000	390,228	385,926
State replacement income tax	820,000	820,000	741,325	844,254
Illinois sales tax	30,096,953	30,096,953	24,419,114	26,611,558
Utility taxes	3,605,000	3,605,000	3,359,780	3,480,888
<b>Total taxes</b>	<b>41,272,715</b>	<b>41,272,715</b>	<b>35,437,201</b>	<b>37,591,886</b>
<b>Licenses, permits and fees:</b>				
Business licenses	115,000	115,000	115,838	114,025
Other licenses	60,000	60,000	59,283	57,323
Franchise fees	280,000	280,000	256,802	278,267
Ambulance fees	450,000	450,000	472,655	457,403
Other permits and fees	170,400	170,400	217,644	163,325
<b>Total licenses, permits and fees</b>	<b>1,075,400</b>	<b>1,075,400</b>	<b>1,122,222</b>	<b>1,070,343</b>
<b>Charges for services:</b>				
Kankakee Municipal Utility	117,040	117,040	71,150	67,230
Kankakee River Metropolitan Agency	50,000	50,000	50,000	50,000
Department of Public Works	440,000	440,000	373,013	194,783
Community Development Agency	89,000	89,000	142,000	130,600
Fire Department	86,056	86,056	63,456	64,706
Police Department	22,000	22,000	42,295	21,040
<b>Total charges for services</b>	<b>804,096</b>	<b>804,096</b>	<b>741,914</b>	<b>528,359</b>
<b>Fines and penalties</b>	<b>707,000</b>	<b>707,000</b>	<b>449,781</b>	<b>537,749</b>
<b>Intergovernmental:</b>				
Grants from various governmental agencies	508,260	508,260	393,274	612,868
<b>Interest</b>	<b>330,000</b>	<b>330,000</b>	<b>33,403</b>	<b>201,602</b>
<b>Miscellaneous revenues:</b>				
Foreign fire insurance tax	38,000	38,000	35,830	37,220
Other revenues	297,033	297,033	225,937	50,362
<b>Total miscellaneous revenues</b>	<b>335,033</b>	<b>335,033</b>	<b>261,767</b>	<b>87,582</b>
<b>Total revenues</b>	<b>\$45,032,504</b>	<b>\$45,032,504</b>	<b>\$38,439,562</b>	<b>\$40,630,389</b>

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET**  
**GENERAL FUND**  
**For the year ended April 30, 2009**  
**(With comparative totals for 2008)**

	Budgeted Amounts		2009	2008
	Original	Final	Actual	Actual
General city government:				
Council	\$ 128,500	\$ 128,500	\$ 115,416	\$ 123,450
Mayor	74,120	74,120	87,226	83,218
Commissions and boards	52,200	52,200	44,275	45,184
City clerk	111,480	111,480	122,366	116,421
Central services	436,500	436,500	302,536	286,072
Collection	59,250	59,250	56,641	59,320
Computer operations	20,150	20,150	83,662	112,833
Corporate counsel	159,386	159,386	213,325	206,333
Adjudication	152,269	152,269	138,413	148,552
City planning	45,000	45,000	27,360	44,480
Public buildings and grounds	134,975	134,975	1,842	237,212
Community promotion	75,000	75,000	141,927	79,306
Human relations	97,015	97,015	138,057	97,425
Group insurance	1,523,952	1,523,952	1,651,782	1,640,549
Liability and workers compensation insurance	1,634,880	1,634,880	1,740,315	1,626,445
Unemployment tax	20,000	20,000	31,221	29,856
Transportation support	71,000	71,000	73,194	70,398
Recycling project				34,895
Other	335,440	335,440	899,115	763,860
Total general city government	5,131,117	5,131,117	5,868,673	5,805,809
Public safety - police department:				
Administration and operations	5,585,936	5,585,936	5,896,965	5,488,325
Training	48,500	48,500	52,886	36,418
Records	394,690	394,690	267,793	257,626
Communications	694,464	694,464	678,255	773,725
Detention and custody	59,000	59,000	62,891	148,167
Pension contribution	1,283,420	1,283,420	1,283,420	1,234,017
Total public safety - police department	8,066,010	8,066,010	8,242,210	7,938,278
Public safety - fire department:				
Administration	607,496	607,496	742,074	649,795
Training	119,172	119,172	97,035	93,960
Alarm and communications system	53,000	53,000	40,589	49,487
Fire prevention	266,656	266,656	264,631	245,520
Fire fighting force	1,987,734	1,987,734	2,234,567	2,044,673
Emergency service	1,012,677	1,012,677	981,903	859,749
Foreign fire insurance tax	38,000	38,000	35,830	37,220
Pension contribution	1,400,984	1,400,984	1,400,984	1,303,662
Total public safety - fire department	5,485,719	5,485,719	5,797,613	5,284,066

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET**  
**GENERAL FUND**  
**(Continued)**  
**For the year ended April 30, 2009**  
**(With comparative totals for 2008)**

	<u>Budgeted Amounts</u>		<u>2009</u>	<u>2008</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>
Public safety - code enforcement:				
Property maintenance	\$ 693,940	\$ 693,940	\$ 607,699	\$ 624,634
Building safety	135,222	135,222	125,213	171,270
Total public safety - code enforcement	<u>829,162</u>	<u>829,162</u>	<u>732,912</u>	<u>795,904</u>
Public safety:				
Animal control	<u>20,000</u>	<u>20,000</u>	<u>25,425</u>	<u>17,505</u>
Public works:				
Administration	183,050	183,050	210,541	200,381
Streets and alleys	462,833	462,833	432,584	310,472
City garage	403,187	403,187	438,102	439,267
Operations	1,343,590	1,343,590	1,334,468	1,232,087
Total public works	<u>2,392,660</u>	<u>2,392,660</u>	<u>2,415,695</u>	<u>2,182,207</u>
Community development:				
Residential rehabilitation			<u>5,690</u>	<u>6,067</u>
Economic development:				
Sales tax incentives	<u>22,914,535</u>	<u>22,914,535</u>	<u>17,617,181</u>	<u>20,109,951</u>
Debt service:				
Principal retirement			20,901	21,095
Interest and other fixed charges			697	498
Total debt service	<u>-0-</u>	<u>-0-</u>	<u>21,598</u>	<u>21,593</u>
Total expenditures	<u>\$44,839,203</u>	<u>\$44,839,203</u>	<u>\$40,726,997</u>	<u>\$42,161,380</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUNDS**

**Band Fund**

Accounts for the revenues and expenditures related to the City's financial support provided to the Kankakee Municipal Band.

**Park Fund**

Accounts for the revenues and expenditures necessary to maintain the existing City park facilities.

**Illinois Municipal Retirement Fund**

Accounts for the expenditures related to the state-administered retirement system which is available to general service employees and which is financed through taxation and contributions from employees, and to the City (employer) FICA, Medicare, and state unemployment taxes, all of which are financed through taxation.

**Special Service Area No. 2**

Accounts for the revenues and expenditures related to the maintenance and repairs of ornamental street lights in the Riverview Historic District.

**Special Service Area No. 3**

Accounts for the revenues and expenditures related to the Coachlight Square lighting improvement project which was financed through local borrowing and property taxes.

**Special Service Area No. 5**

Accounts for the revenues and expenditures of maintenance and repairs related to the street and roadway infrastructure in the East Side Business District.

**Community Development Agency**

Accounts for the revenues and expenditures of the Community Development Block Grant Program and various other federal grant programs.

**Senior Aides Program Fund**

Accounts for the federal revenues and related expenditures of the Senior Community Service Employment Program administered by Senior Service America, Inc.

**Tax Increment Financing Districts Nos. 1, 2, 3, 4, 5, 6, 7 and 8**

TIF Districts No. 1, 2, 3, 4, 5, 6, 7 and 8 are trust funds established to finance redevelopment project costs in connection with various "blighted redevelopment project areas" throughout the City. The project areas are redeveloped through the use of incremental property tax revenues generated by related redevelopment projects.

### **Motor Fuel Tax Fund**

Accounts for the expenditures related to state-approved projects which are financed from the local share of the state gasoline tax as collected and distributed by the State of Illinois.

### **DEBT SERVICE FUNDS**

#### **General Obligations Bonds**

Each series of general obligation bonds issued is set apart as an individual fund that is used to account for the accumulation of resources for and the payment of debt principal, interest and related costs of each respective issue.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2009**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 3,829,440	\$ 648,614	\$ 4,478,054
Receivables, less allowance for uncollectible amounts:			
Property taxes	4,026,200	3,970,425	7,996,625
Due from other governmental agencies	227,609		227,609
Due from other funds	250,306	397,296	647,602
Due from component units	6,740		6,740
Accounts receivable	852,520		852,520
 Total assets	 <u>\$ 9,192,815</u>	 <u>\$ 5,016,335</u>	 <u>\$14,209,150</u>
<b>Liabilities</b>			
Accounts payable	\$ 207,670		\$ 207,670
Accrued wages payable	38,476		38,476
Interest payable		\$ 18,690	18,690
Due to other funds	1,422,427	45,594	1,468,021
Deferred revenue	4,878,158	3,970,425	8,848,583
 Total liabilities	 <u>6,546,731</u>	 <u>4,034,709</u>	 <u>10,581,440</u>
<b>Fund Balance</b>			
Reserved for debt service		1,027,220	1,027,220
Reserved for unexpended street maintenance programs	19,258		19,258
Reserved for economic development	1,924,214		1,924,214
Unreserved, reported in:			
Special Revenue Funds	702,612		702,612
Debt Service Funds		(45,594)	(45,594)
 Total fund balance	 <u>2,646,084</u>	 <u>981,626</u>	 <u>3,627,710</u>
 Total liabilities and fund balance	 <u>\$ 9,192,815</u>	 <u>\$ 5,016,335</u>	 <u>\$14,209,150</u>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended April 30, 2009**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 3,717,466	\$ 3,701,057	\$ 7,418,523
Special assessments		257,500	257,500
Intergovernmental	3,780,214		3,780,214
Interest income	75,883	144,020	219,903
Miscellaneous	2,973		2,973
Total revenues	<u>7,576,536</u>	<u>4,102,577</u>	<u>11,679,113</u>
Expenditures:			
Current:			
General government	1,053,185		1,053,185
Highways and streets	1,666,336		1,666,336
Community development	2,494,516		2,494,516
Culture and recreation	63,590		63,590
Economic development	1,199,162		1,199,162
Debt Service:			
Principal retirement	45,808	3,845,285	3,891,093
Interest and fiscal charges	16,095	3,005,850	3,021,945
Total expenditures	<u>6,538,692</u>	<u>6,851,135</u>	<u>13,389,827</u>
Excess (deficiency) of revenues over expenditures	<u>1,037,844</u>	<u>(2,748,558)</u>	<u>(1,710,714)</u>
Other financing sources (uses):			
Issuance of refunding bonds		14,905,000	14,905,000
Premium on refunding bonds issued		222,823	222,823
Payment to refunded debt escrow		(10,986,806)	(10,986,806)
Transfers:			
From other funds	15,191	2,627,173	2,642,364
To other funds	(2,675,830)	(3,973,552)	(6,649,382)
Total other financing sources (uses)	<u>(2,660,639)</u>	<u>2,794,638</u>	<u>133,999</u>
Net change in fund balances	(1,622,795)	46,080	(1,576,715)
Fund balance, May 1, 2008	<u>4,268,879</u>	<u>935,546</u>	<u>5,204,425</u>
Fund balance, April 30, 2009	<u>\$ 2,646,084</u>	<u>\$ 981,626</u>	<u>\$ 3,627,710</u>



**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**April 30, 2009**

	<u>Band Fund</u>	<u>Park Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>	<u>Special Service Area No. 3</u>
<b>Assets</b>					
Cash and investments	\$ 12,247	\$ 2,099	\$ 151,976	\$ 21,708	\$ 37,244
Receivables, less allowance for uncollectible amounts:					
Property taxes	13,000	35,000	519,800	3,000	53,000
Due from other governmental agencies					
Due from other funds			6,212		
Due from component units			6,740		
Accounts receivable			93		
Total assets	<u>\$ 25,247</u>	<u>\$ 37,099</u>	<u>\$ 684,821</u>	<u>\$ 24,708</u>	<u>\$ 90,244</u>
<b>Liabilities</b>					
Accounts payable			\$ 44,020		
Accrued wages payable		\$ 2,099	36,377		
Due to other funds					
Deferred revenue	\$ 13,000	35,000	519,800	\$ 3,000	\$ 53,000
Total liabilities	<u>13,000</u>	<u>37,099</u>	<u>600,197</u>	<u>3,000</u>	<u>53,000</u>
<b>Fund Balance</b>					
Reserved for unexpended street maintenance program					
Reserved for economic development					
Unreserved - undesignated	12,247		84,624	21,708	37,244
Total fund balance (deficit)	<u>12,247</u>	<u>-0-</u>	<u>84,624</u>	<u>21,708</u>	<u>37,244</u>
Total liabilities and fund balance	<u>\$ 25,247</u>	<u>\$ 37,099</u>	<u>\$ 684,821</u>	<u>\$ 24,708</u>	<u>\$ 90,244</u>

<u>Special Service Area No. 5</u>	<u>Community Development Agency</u>	<u>Senior Aides Program Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing District No. 1 Fund</u>	<u>Tax Increment Financing District No. 2 Fund</u>	<u>Tax Increment Financing District No. 3 Fund</u>	<u>Tax Increment Financing District No. 4 Fund</u>
\$ 31,320	\$ 237,289	\$ 2,513	\$ 866,494	\$ 325,645	\$ 568,570	\$ 371,311	\$ 182,078
15,600				728,600	469,900	446,800	734,200
	90,508	11,224	125,877		244,094		
	554,024						298,403
<u>\$ 46,920</u>	<u>\$ 881,821</u>	<u>\$ 13,737</u>	<u>\$ 992,371</u>	<u>\$ 1,054,245</u>	<u>\$ 1,282,564</u>	<u>\$ 818,111</u>	<u>\$ 1,214,681</u>
	\$ 47,384		\$ 116,266				
\$ 15,600	52,827 553,555	\$ 11,224	69,231	\$ 684,438 728,600	\$ 52,811 469,900	\$ 23,728 446,800	\$ 326,000 1,032,603
<u>15,600</u>	<u>653,766</u>	<u>11,224</u>	<u>185,497</u>	<u>1,413,038</u>	<u>522,711</u>	<u>470,528</u>	<u>1,358,603</u>
			19,258		759,853	347,583	
31,320	228,055	2,513	787,616	(358,793)			(143,922)
<u>31,320</u>	<u>228,055</u>	<u>2,513</u>	<u>806,874</u>	<u>(358,793)</u>	<u>759,853</u>	<u>347,583</u>	<u>(143,922)</u>
<u>\$ 46,920</u>	<u>\$ 881,821</u>	<u>\$ 13,737</u>	<u>\$ 992,371</u>	<u>\$ 1,054,245</u>	<u>\$ 1,282,564</u>	<u>\$ 818,111</u>	<u>\$ 1,214,681</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
(Continued)  
April 30, 2009

	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Totals
<b>Assets</b>					
Cash and investments	\$ 91,096	\$ 270,849	\$ 100,801	\$ 556,200	\$ 3,829,440
Receivables, less allowance for uncollectible amounts:					
Property taxes	159,600	169,700	16,700	661,300	4,026,200
Due from other governmental agencies					227,609
Due from other funds					250,306
Due from component units					6,740
Accounts receivable					852,520
Total assets	<u>\$ 250,696</u>	<u>\$ 440,549</u>	<u>\$ 117,501</u>	<u>\$ 1,217,500</u>	<u>\$ 9,192,815</u>
<b>Liabilities</b>					
Accounts payable					\$ 207,670
Accrued wages payable					38,476
Due to other funds	\$ 14,729	\$ 91,253		\$ 96,186	1,422,427
Deferred revenue	159,600	169,700	\$ 16,700	661,300	4,878,158
Total liabilities	<u>174,329</u>	<u>260,953</u>	<u>16,700</u>	<u>757,486</u>	<u>6,546,731</u>
<b>Fund Balance</b>					
Reserved for unexpended street maintenance program					19,258
Reserved for economic development	76,367	179,596	100,801	460,014	1,924,214
Unreserved - undesignated					702,612
Total fund balance (deficit)	<u>76,367</u>	<u>179,596</u>	<u>100,801</u>	<u>460,014</u>	<u>2,646,084</u>
Total liabilities and fund balance	<u>\$ 250,696</u>	<u>\$ 440,549</u>	<u>\$ 117,501</u>	<u>\$ 1,217,500</u>	<u>\$ 9,192,815</u>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the year ended April 30, 2009**

	<u>Band Fund</u>	<u>Park Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>	<u>Special Service Area No. 3</u>
Revenues:					
Property taxes	\$ 15,162	\$ 35,364	\$ 490,103	\$ 3,062	\$ 53,275
Intergovernmental					
Interest income	14	35	489	4	53
Miscellaneous					
Total revenues	<u>15,176</u>	<u>35,399</u>	<u>490,592</u>	<u>3,066</u>	<u>53,328</u>
Expenditures:					
Current:					
General government			717,409		
Highways and streets					
Community development					
Culture and recreation	13,000	50,590			
Economic development					
Debt Service:					
Principal retirement					45,808
Interest and fiscal charges					2,679
Total expenditures	<u>13,000</u>	<u>50,590</u>	<u>717,409</u>	<u>-0-</u>	<u>48,487</u>
Excess (deficiency) of revenues over expenditures	<u>2,176</u>	<u>(15,191)</u>	<u>(226,817)</u>	<u>3,066</u>	<u>4,841</u>
Other financing sources (uses):					
Transfers:					
From other funds		15,191			
To other funds					
Total other financing sources (uses)	<u>-0-</u>	<u>15,191</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	2,176		(226,817)	3,066	4,841
Fund balance (deficit), May 1, 2008	<u>10,071</u>		<u>311,441</u>	<u>18,642</u>	<u>32,403</u>
Fund balance (deficit), April 30, 2009	<u>\$ 12,247</u>	<u>\$ -0-</u>	<u>\$ 84,624</u>	<u>\$ 21,708</u>	<u>\$ 37,244</u>

Special Service Area No. 5	Community Development Agency	Senior Aides Program Fund	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 2 Fund	Tax Increment Financing District No. 3 Fund	Tax Increment Financing District No. 4 Fund
\$ 15,859	\$ 2,672,586	\$ 157,560	\$ 950,068	\$ 670,457	\$ 440,502	\$ 421,179	\$ 652,497
16	13,477	7	15,857	5,481	11,647	8,668	3,987
	2,858	115					
<u>15,875</u>	<u>2,688,921</u>	<u>157,682</u>	<u>965,925</u>	<u>675,938</u>	<u>452,149</u>	<u>429,847</u>	<u>656,484</u>
	178,072	157,704	1,666,336				
	2,494,516						
				118,170	7,508	89,617	484,075
	13,416						
<u>-0-</u>	<u>2,686,004</u>	<u>157,704</u>	<u>1,666,336</u>	<u>118,170</u>	<u>7,508</u>	<u>89,617</u>	<u>484,075</u>
<u>15,875</u>	<u>2,917</u>	<u>(22)</u>	<u>(700,411)</u>	<u>557,768</u>	<u>444,641</u>	<u>340,230</u>	<u>172,409</u>
				(639,975)	(521,106)	(236,090)	(398,730)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(639,975)</u>	<u>(521,106)</u>	<u>(236,090)</u>	<u>(398,730)</u>
15,875	2,917	(22)	(700,411)	(82,207)	(76,465)	104,140	(226,321)
<u>15,445</u>	<u>225,138</u>	<u>2,535</u>	<u>1,507,285</u>	<u>(276,586)</u>	<u>836,318</u>	<u>243,443</u>	<u>82,399</u>
<u>\$ 31,320</u>	<u>\$ 228,055</u>	<u>\$ 2,513</u>	<u>\$ 806,874</u>	<u>\$ (358,793)</u>	<u>\$ 759,853</u>	<u>\$ 347,583</u>	<u>\$ (143,922)</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**

(Continued)

For the year ended April 30, 2009

	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Totals
Revenues:					
Property taxes	\$ 148,437	\$ 258,341	\$ 57,222	\$ 456,006	\$ 3,717,466
Intergovernmental					3,780,214
Interest income	358	3,441	413	11,936	75,883
Miscellaneous					2,973
Total revenues	<u>148,795</u>	<u>261,782</u>	<u>57,635</u>	<u>467,942</u>	<u>7,576,536</u>
Expenditures:					
Current:					
General government					1,053,185
Highways and streets					1,666,336
Community development					2,494,516
Culture and recreation					63,590
Economic development	1,100	1,100	3,210	494,382	1,199,162
Debt Service:					
Principal retirement					45,808
Interest and fiscal charges					16,095
Total expenditures	<u>1,100</u>	<u>1,100</u>	<u>3,210</u>	<u>494,382</u>	<u>6,538,692</u>
Excess (deficiency) of revenues over expenditures	<u>147,695</u>	<u>260,682</u>	<u>54,425</u>	<u>(26,440)</u>	<u>1,037,844</u>
Other financing sources (uses):					
Transfers:					
From other funds					15,191
To other funds	(129,785)	(309,916)	(35,490)	(404,738)	(2,675,830)
Total other financing sources (uses)	<u>(129,785)</u>	<u>(309,916)</u>	<u>(35,490)</u>	<u>(404,738)</u>	<u>(2,660,639)</u>
Net change in fund balances	17,910	(49,234)	18,935	(431,178)	(1,622,795)
Fund balance (deficit), May 1, 2008	<u>58,457</u>	<u>228,830</u>	<u>81,866</u>	<u>891,192</u>	<u>4,268,879</u>
Fund balance (deficit), April 30, 2009	<u>\$ 76,367</u>	<u>\$ 179,596</u>	<u>\$ 100,801</u>	<u>\$ 460,014</u>	<u>\$ 2,646,084</u>

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BAND FUND**  
**For the year ended April 30, 2009**

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	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Property taxes	\$ 13,000	\$ 13,000	\$ 15,162	\$ 2,162
Interest income			14	14
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>15,176</u>	<u>2,176</u>
Expenditures:				
Current:				
Culture and recreation	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	2,176	<u>\$ 2,176</u>
Fund balance, May 1, 2008			10,071	
Fund balance, April 30, 2009			<u>\$ 12,247</u>	

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARK FUND**  
**For the year ended April 30, 2009**

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	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Property taxes	\$35,000	\$35,000	\$ 35,364	\$ 364
Interest income			35	35
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>35,399</u>	<u>399</u>
Expenditures:				
Current:				
Culture and recreation	<u>35,000</u>	<u>35,000</u>	<u>50,590</u>	<u>15,590</u>
Excess (deficiency) of revenues over expenditures	-0-	-0-	(15,191)	(15,191)
Other financing sources:				
Transfers from other funds			15,191	15,191
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>
Fund balance, May 1, 2008			-0-	
Fund balance, April 30, 2009			<u>\$ -0-</u>	

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**For the year ended April 30, 2009**

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	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Property taxes	\$ 495,000	\$ 495,000	\$ 490,103	\$ (4,897)
Interest income			489	489
Total revenues	<u>495,000</u>	<u>495,000</u>	<u>490,592</u>	<u>(4,408)</u>
Expenditures:				
Current:				
General government	<u>540,000</u>	<u>540,000</u>	<u>717,409</u>	<u>177,409</u>
Net change in fund balance	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	(226,817)	<u>\$ (181,817)</u>
Fund balance, May 1, 2008			311,441	
Fund balance, April 30, 2009			<u>\$ 84,624</u>	

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL SERVICE AREA NO. 2**  
**For the year ended April 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,000	\$ 3,000	\$ 3,062	\$ 62
Interest income			4	4
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,066</u>	<u>66</u>
Expenditures:				
Current:				
General government	<u>3,000</u>	<u>3,000</u>		<u>(3,000)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	3,066	<u>\$ 3,066</u>
Fund balance, May 1, 2008			18,642	
Fund balance, April 30, 2009			<u>\$ 21,708</u>	

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL SERVICE AREA NO. 3**  
**For the year ended April 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 52,750	\$ 52,750	\$ 53,275	\$ 525
Interest income			53	53
Total revenues	<u>52,750</u>	<u>52,750</u>	<u>53,328</u>	<u>578</u>
Expenditures:				
Current:				
Highways and streets	4,223	4,223		(4,223)
Debt service:				
Principal retirement	48,527	48,527	45,808	(2,719)
Interest and fiscal charges			2,679	2,679
Total expenditures	<u>52,750</u>	<u>52,750</u>	<u>48,487</u>	<u>(4,263)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	4,841	<u>\$ 4,841</u>
Fund balance, May 1, 2008			32,403	
Fund balance, April 30, 2009			<u>\$ 37,244</u>	

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**April 30, 2009**

	General Obligation Bonds, Series 1997	General Obligation Bonds, Series 1998A	General Obligation Bonds, Series 1999	General Obligation Bonds, Series 2000A	General Obligation Bonds, Series 2001A
<b>Assets</b>					
Cash and investments					\$ 288,934
Receivables, less allowance for uncollectible amounts:					
Property taxes					
Due from other funds					45,016
Total assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 333,950</u>
<b>Liabilities</b>					
Accrued interest					
Due to other funds					
Deferred revenue					
Total liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>Fund Balance</b>					
Reserved for debt service					333,950
Unreserved - undesignated					
Total fund balance (deficit)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>333,950</u>
Total liabilities and fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 333,950</u>

<u>General Obligation Bonds, Series 2001B</u>	<u>General Obligation Bonds, Series 2001C</u>	<u>General Obligation Bonds, Series 2003A</u>	<u>General Obligation Bonds, Series 2003B</u>	<u>General Obligation Bonds, Series 2004</u>	<u>General Obligation Bonds, Series 2005</u>	<u>General Obligation Bonds, Series 2006</u>
		\$ 18,243		\$ 9,165	\$ 102,231	\$ 83,237
		174,160		580,403 2,729	452,641	368,055
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 192,403</u>	<u>\$ -0-</u>	<u>\$ 592,297</u>	<u>\$ 554,872</u>	<u>\$ 451,292</u>
		\$ 174,160		\$ 580,403	\$ 452,641	\$ 368,055
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>174,160</u>	<u>\$ -0-</u>	<u>580,403</u>	<u>452,641</u>	<u>368,055</u>
		18,243		11,894	102,231	83,237
<u>-0-</u>	<u>-0-</u>	<u>18,243</u>	<u>-0-</u>	<u>11,894</u>	<u>102,231</u>	<u>83,237</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 192,403</u>	<u>\$ -0-</u>	<u>\$ 592,297</u>	<u>\$ 554,872</u>	<u>\$ 451,292</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**(Continued)**  
**April 30, 2009**

	General Obligation Bonds, Series 2007A	Indian Meadows Debt Service	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009	Totals
<b>Assets</b>					
Cash and investments	\$ 675			\$ 146,129	\$ 648,614
Receivables, less allowance for uncollectible amounts:					
Property taxes			\$ 331,210	2,063,956	3,970,425
Due from other funds				349,551	397,296
Total assets	<u>\$ 675</u>	<u>\$ -0-</u>	<u>\$ 331,210</u>	<u>\$ 2,559,636</u>	<u>\$5,016,335</u>
<b>Liabilities</b>					
Accrued interest				\$ 18,690	\$ 18,690
Due to other funds		\$ 2,768	\$ 42,826		45,594
Deferred revenue			331,210	2,063,956	3,970,425
Total liabilities	<u>\$ -0-</u>	<u>2,768</u>	<u>374,036</u>	<u>2,082,646</u>	<u>4,034,709</u>
<b>Fund Balance</b>					
Reserved for debt service	675			476,990	1,027,220
Unreserved - undesignated		(2,768)	(42,826)		(45,594)
Total fund balance (deficit)	<u>675</u>	<u>(2,768)</u>	<u>(42,826)</u>	<u>476,990</u>	<u>981,626</u>
Total liabilities and fund balance	<u>\$ 675</u>	<u>\$ -0-</u>	<u>\$ 331,210</u>	<u>\$ 2,559,636</u>	<u>\$5,016,335</u>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**For the year ended April 30, 2009**

	General Obligation Bonds, Series 1997	General Obligation Bonds, Series 1998A	General Obligation Bonds, Series 1999	General Obligation Bonds, Series 2000A	General Obligation Bonds, Series 2001A
Revenues:					
Property taxes	\$ 62,965	\$ 724,417	\$ 763,054	\$ 402,216	
Special assessments					
Interest income	187	2,909	2,718	1,184	\$ 1,623
Total revenues	<u>63,152</u>	<u>727,326</u>	<u>765,772</u>	<u>403,400</u>	<u>1,623</u>
Expenditures:					
Debt service:					
Principal retirement	40,000	500,000	610,000	290,000	295,000
Interest and fiscal charges	31,848	332,614	222,403	209,537	91,965
Total expenditures	<u>71,848</u>	<u>832,614</u>	<u>832,403</u>	<u>499,537</u>	<u>386,965</u>
Excess (deficiency) of revenues over expenditures	<u>(8,696)</u>	<u>(105,288)</u>	<u>(66,631)</u>	<u>(96,137)</u>	<u>(385,342)</u>
Other financing sources (uses):					
Issuance of refunding bonds	420,000	4,835,000	3,000,000	2,815,000	
Premium on refunding bonds issued	8,446	79,721	35,696	40,979	
Payment to refunded debt escrow	(418,724)	(4,805,138)	(2,969,428)	(2,793,516)	
Transfers:					
From other funds				35,490	386,965
To other funds	(2,686)	(111,972)	(45,302)	(4,654)	
Total other financing sources (uses)	<u>7,036</u>	<u>(2,389)</u>	<u>20,966</u>	<u>93,299</u>	<u>386,965</u>
Net change in fund balance	(1,660)	(107,677)	(45,665)	(2,838)	1,623
Fund balance, May 1, 2008	1,660	107,677	45,665	2,838	332,327
Fund balance (deficit), April 30, 2009	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 333,950</u>

General Obligation Bonds, Series 2001B	General Obligation Bonds, Series 2001C	General Obligation Bonds, Series 2003A	General Obligation Bonds, Series 2003B	General Obligation Bonds, Series 2004	General Obligation Bonds, Series 2005	General Obligation Bonds, Series 2006
		\$ 348,470		\$ 624,668	\$ 507,577	\$ 267,690
		1,388		1,856	2,116	1,066
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>349,858</u>	<u>\$ -0-</u>	<u>626,524</u>	<u>509,693</u>	<u>268,756</u>
70,000	70,000	255,000	280,000	495,000	380,000	190,000
2,730	2,730	164,931	184,975	265,438	351,103	439,610
<u>72,730</u>	<u>72,730</u>	<u>419,931</u>	<u>464,975</u>	<u>760,438</u>	<u>731,103</u>	<u>629,610</u>
<u>(72,730)</u>	<u>(72,730)</u>	<u>(70,073)</u>	<u>(464,975)</u>	<u>(133,914)</u>	<u>(221,410)</u>	<u>(360,854)</u>
72,730	72,730	68,122	464,975	129,785	218,663	359,355
<u>72,730</u>	<u>72,730</u>	<u>68,122</u>	<u>464,975</u>	<u>129,785</u>	<u>218,663</u>	<u>359,355</u>
		(1,951)		(4,129)	(2,747)	(1,499)
		20,194		16,023	104,978	84,736
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,243</u>	<u>\$ -0-</u>	<u>\$ 11,894</u>	<u>\$ 102,231</u>	<u>\$ 83,237</u>

(Continued)



**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**(Continued)**  
**For the year ended April 30, 2009**

	General Obligation Bonds, Series 2007A	Indian Meadows Debt Service	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009	Totals
Revenues:					
Property taxes					\$3,701,057
Special assessments		\$ 257,500			257,500
Interest income	\$ 6	128,724	\$ 243		144,020
Total revenues	<u>6</u>	<u>386,224</u>	<u>243</u>	<u>\$ -0-</u>	<u>4,102,577</u>
Expenditures:					
Debt service:					
Principal retirement	110,000	260,285			3,845,285
Interest and fiscal charges	335,739	128,707	163,069	78,451	3,005,850
Total expenditures	<u>445,739</u>	<u>388,992</u>	<u>163,069</u>	<u>78,451</u>	<u>6,851,135</u>
Excess (deficiency) of revenues over expenditures	<u>(445,733)</u>	<u>(2,768)</u>	<u>(162,826)</u>	<u>(78,451)</u>	<u>(2,748,558)</u>
Other financing sources (uses):					
Issuance of refunding bonds				3,835,000	14,905,000
Premium on refunding bonds issued				57,981	222,823
Payment to refunded debt escrow					(10,986,806)
Transfers:					
From other funds	226,960		120,000	471,398	2,627,173
To other funds				(3,808,938)	(3,973,552)
Total other financing sources (uses)	<u>226,960</u>	<u>-0-</u>	<u>120,000</u>	<u>555,441</u>	<u>2,794,638</u>
Net change in fund balance	(218,773)	(2,768)	(42,826)	476,990	46,080
Fund balance, May 1, 2008	219,448				935,546
Fund balance (deficit), April 30, 2009	<u>\$ 675</u>	<u>\$ (2,768)</u>	<u>\$ (42,826)</u>	<u>\$ 476,990</u>	<u>\$ 981,626</u>

**CITY OF KANKAKEE, ILLINOIS**  
**FIDUCIARY FUNDS**

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**Police Pension Fund**

A pension trust which accounts for the police officers' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

**Firefighters' Pension Fund**

A pension trust which accounts for the firefighters' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**April 30, 2009**

	Police Pension Fund	Firefighters' Pension Fund	Totals
<b>Assets</b>			
Cash and short-term investments	\$ 894,937	\$ 1,214,802	\$ 2,109,739
Receivables, less allowance for uncollectible amounts:			
Employee contributions	19,753	14,004	33,757
Employer contributions		108,748	108,748
Interest	26,445	44,137	70,582
Investments, at fair value:			
Open-end mutual funds	2,524,638	2,236,321	4,760,959
Corporate securities	1,177,761		1,177,761
U. S. treasury and agency securities	5,981,627	4,240,124	10,221,751
Corporate bonds		37,362	37,362
Prepaid items		5,732	5,732
 Total assets	 <u>10,625,161</u>	 <u>7,901,230</u>	 <u>18,526,391</u>
<b>Liabilities</b>			
Accounts payable	142,409	184,653	327,062
Due to General Fund		30	30
 Total liabilities	 <u>142,409</u>	 <u>184,683</u>	 <u>327,092</u>
<b>Net Assets</b>			
Net assets held in trust for pension benefits	<u>\$10,482,752</u>	<u>\$ 7,716,547</u>	<u>\$18,199,299</u>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**For the year ended April 30, 2009**

	Police Pension Fund	Firefighters' Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 1,283,420	\$ 1,400,984	\$ 2,684,404
Employee	495,414	353,280	848,694
Total contributions	<u>1,778,834</u>	<u>1,754,264</u>	<u>3,533,098</u>
Investment income (loss):			
Net appreciation (depreciation) in fair value of investments	(1,481,708)	(847,317)	(2,329,025)
Interest and dividends	<u>330,204</u>	<u>291,948</u>	<u>622,152</u>
	(1,151,504)	(555,369)	(1,706,873)
Less: investment expense	<u>(59,782)</u>	<u>(52,778)</u>	<u>(112,560)</u>
Net investment income (loss)	<u>(1,211,286)</u>	<u>(608,147)</u>	<u>(1,819,433)</u>
Total additions	<u>567,548</u>	<u>1,146,117</u>	<u>1,713,665</u>
Deductions:			
Benefits	1,661,152	2,270,132	3,931,284
Refunds of contributions	56,070	17,479	73,549
Administrative expenses	<u>24,252</u>	<u>45,799</u>	<u>70,051</u>
Total deductions	<u>1,741,474</u>	<u>2,333,410</u>	<u>4,074,884</u>
Net increase (decrease)	(1,173,926)	(1,187,293)	(2,361,219)
Net assets held in trust for pension benefits:			
May 1, 2008	<u>11,656,678</u>	<u>8,903,840</u>	<u>20,560,518</u>
April 30, 2009	<u>\$ 10,482,752</u>	<u>\$ 7,716,547</u>	<u>\$ 18,199,299</u>

**CITY OF KANKAKEE, ILLINOIS  
COMPONENT UNITS**

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**Kankakee Public Library**

Accounts for the revenues and expenses of the local public library. A majority of the revenues are from a property tax levy approved by the City Council.

**Special Service Area #1**

Accounts for activities to promote and develop downtown Kankakee. The major source of revenues is from a property tax levy approved by the City Council.

**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY**  
**STATEMENT OF NET ASSETS AND GOVERNMENT FUND BALANCE SHEET**  
**April 30, 2009**

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and investments	\$ 410,678		\$ 410,678
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,590,584		1,590,584
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 6,812,270	6,812,270
<b>Total assets</b>	<u>\$ 2,001,262</u>	<u>\$ 6,812,270</u>	<u>\$ 8,813,532</u>
<b>Liabilities</b>			
Accounts payable	\$ 24,768		\$ 24,768
Due to primary government	222,567		222,567
Deferred revenue	1,590,584		1,590,584
Long-term liabilities:			
Due within one year		\$ 98,725	98,725
Due within more than one year		3,055,923	3,055,923
<b>Total liabilities</b>	<u>1,837,919</u>	<u>3,154,648</u>	<u>4,992,567</u>
<b>Fund Balances</b>			
Unreserved - undesignated	163,343	(163,343)	-0-
<b>Net Assets</b>			
Invested in capital assets, net of related debt		3,657,622	3,657,622
Unrestricted		163,343	163,343
<b>Total fund balances/net assets</b>	<u>163,343</u>	<u>3,657,622</u>	<u>3,820,965</u>
<b>Total liabilities and fund balances/net assets</b>	<u>\$ 2,001,262</u>	<u>\$ 6,812,270</u>	<u>\$ 8,813,532</u>

**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY**  
**STATEMENT OF ACTIVITIES AND GOVERNMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the year ended April 30, 2009**

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 1,460,217		\$ 1,460,217
Fees	105,663		105,663
Intergovernmental	17,500		17,500
Interest	7,620		7,620
Other	17,861		17,861
Contribution from primary government	246,600		246,600
Total revenues	<u>1,855,461</u>	<u>\$ -0-</u>	<u>1,855,461</u>
Expenditures/expenses:			
Current:			
Culture and recreation	2,681,408	(1,231,178)	1,450,230
Debt service:			
Principal retirement	481,532	(481,532)	-0-
Interest and fiscal charges	144,545		144,545
Total expenditures/expenses	<u>3,307,485</u>	<u>(1,712,710)</u>	<u>1,594,775</u>
Excess (deficiency) of revenues over expenditures	(1,452,024)	1,712,710	260,686
Other financing sources:			
Issuance of capital lease obligation	<u>1,335,994</u>	<u>(1,335,994)</u>	<u>-0-</u>
Net change in fund balances/net assets	(116,030)	376,716	260,686
Fund balances/net assets, May 1, 2008	<u>279,373</u>	<u>3,280,906</u>	<u>3,560,279</u>
Fund balances/net assets, April 30, 2009	<u>\$ 163,343</u>	<u>\$ 3,657,622</u>	<u>\$ 3,820,965</u>

**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1**  
**STATEMENT OF NET ASSETS AND GOVERNMENT FUND BALANCE SHEET**  
**April 30, 2009**

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and investments	\$ 337,808		\$ 337,808
Receivables, less allowance for uncollectible amounts:			
Property taxes	122,900		122,900
Capital assets:			
Depreciable (net of accumulated depreciation)	<u>                    </u>	<u>\$ 775,124</u>	<u>775,124</u>
Total assets	<u><u>\$ 460,708</u></u>	<u><u>\$ 775,124</u></u>	<u><u>\$ 1,235,832</u></u>
<b>Liabilities</b>			
Deferred revenue	<u>\$ 122,900</u>		<u>\$ 122,900</u>
<b>Fund Balances</b>			
Unreserved - undesignated	337,808	\$ (337,808)	-0-
<b>Net Assets</b>			
Invested in capital assets, net of related debt		775,124	775,124
Unrestricted		337,808	337,808
Total fund balances/net assets	<u><u>337,808</u></u>	<u><u>775,124</u></u>	<u><u>1,112,932</u></u>
Total liabilities and fund balances/net assets	<u><u>\$ 460,708</u></u>	<u><u>\$ 775,124</u></u>	<u><u>\$ 1,235,832</u></u>



**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the year ended April 30, 2009**

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 121,424		\$ 121,424
Interest	2,029		2,029
Other	22,812		22,812
Contribution from primary government	232,949		232,949
	<u>379,214</u>	<u>\$ -0-</u>	<u>379,214</u>
Total revenues			
Expenditures/expenses:			
Current:			
General government	<u>340,312</u>	<u>(97,212)</u>	<u>243,100</u>
	38,902	97,212	136,114
Net change in fund balances/net assets			
	<u>298,906</u>	<u>677,912</u>	<u>976,818</u>
Fund balances/net assets, May 1, 2008			
	<u>\$ 337,808</u>	<u>\$ 775,124</u>	<u>\$ 1,112,932</u>
Fund balances/net assets, April 30, 2009			

**CITY OF KANKAKEE, ILLINOIS**  
**PROPERTY TAXES RECEIVABLE**  
**2008 LEVY TO BE COLLECTED IN 2009**  
**April 30, 2009**

	<u>Taxes extended</u>	<u>Estimated losses</u>	<u>Estimated net taxes receivable</u>
Primary Government:			
General Fund	\$ 4,214,850	\$ 12,363	\$ 4,202,487
Special revenue funds:			
Band Fund	35,873	873	35,000
Park Fund	15,374	2,374	13,000
Illinois Municipal Retirement Fund	520,153	353	519,800
Special Service Area No. 2	3,012	12	3,000
Special Service Area No. 3	53,050	50	53,000
Special Service Area No. 5	15,667	67	15,600
Tax Increment Financing District #1	728,601	1	728,600
Tax Increment Financing District #2	469,983	83	469,900
Tax Increment Financing District #3	446,858	58	446,800
Tax Increment Financing District #4	734,250	50	734,200
Tax Increment Financing District #5	159,633	33	159,600
Tax Increment Financing District #6	169,772	72	169,700
Tax Increment Financing District #7	16,798	98	16,700
Tax Increment Financing District #8	661,366	66	661,300
Total special revenue funds	<u>4,030,390</u>	<u>4,190</u>	<u>4,026,200</u>
Debt service funds	<u>3,971,608</u>	<u>1,183</u>	<u>3,970,425</u>
Total Primary Government	<u>\$ 12,216,848</u>	<u>\$ 17,736</u>	<u>\$ 12,199,112</u>
Component Units:			
Library	\$ 1,591,206	\$ 622	\$ 1,590,584
Special Service Area No. 1	122,907	7	122,900
Total Component Units	<u>\$ 1,714,113</u>	<u>\$ 629</u>	<u>\$ 1,713,484</u>

**CITY OF KANKAKEE, ILLINOIS**  
**PROPRIETARY FUND TYPES**  
**KANKAKEE MUNICIPAL UTILITY**  
**SCHEDULE OF BOND RATE COVENANT CALCULATION**  
**April 30, 2009**

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Debt service requirements	\$ 313,923	
120% covenant	<u>x 120%</u>	
Total required revenues	<u>\$ 376,708</u>	
Net revenues generated by sewer utility:		
Sewer charges	\$ 7,692,088	
Utility operations expenses	<u>(3,843,633)</u>	
Net revenues generated	3,848,455	
Kankakee Municipal Utility's share of Kankakee River Metropolitan		
Agency's plant operations expenses	(2,809,085)	
Interest income	<u>21,830</u>	
Total net revenues available		
(expressed in dollars and as a percentage of debt service		
requirements)	<u>\$ 1,061,200</u>	<u>338%</u>
Bond covenant coverage over the required revenues	<u>\$ 684,492</u>	

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**CITY OF KANKAKEE, ILLINOIS**  
**PROPRIETARY FUND TYPES**  
**KANKAKEE MUNICIPAL UTILITY**  
**SCHEDULE OF REVENUE BONDS PAYABLE**  
**April 30, 2009**

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Series 2001

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Date of issue	December 1, 2001
Interest rates	2.45% to 5.00%
Principal redemption date	May 1
Interest payment dates	May 1 and November 1
Original issue	\$ 4,270,000
Paid to date	1,300,000
Balance, April 30, 2009	<u><u>\$ 2,970,000</u></u>

Date as follows:

<u>Year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2010	\$ 175,000	\$ 137,208	\$ 312,208
2011	180,000	130,120	310,120
2012	190,000	122,650	312,650
2013	195,000	114,670	309,670
2014	205,000	106,188	311,188
2015	215,000	97,065	312,065
2016	225,000	87,498	312,498
2017	235,000	77,260	312,260
2018	245,000	66,215	311,215
2019	255,000	54,455	309,455
2020	270,000	42,088	312,088
2021	285,000	28,858	313,858
2022	295,000	14,750	309,750
	<u><u>\$ 2,970,000</u></u>	<u><u>\$ 1,079,025</u></u>	<u><u>\$ 4,049,025</u></u>

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE**  
**April 30, 2009**

	Series 2001A		Series 2003A		Series 2003B	
Date of issue	December 1, 2001		June 1, 2003		June 1, 2003	
Interest rates	2.10% to 4.50%		2.25% to 5.25%		2.25% to 5.25%	
Principal redemption date	January 1		January 1		January 1	
Interest payment dates	July 1 and January 1		July 1 and January 1		July 1 and January 1	
Original issue	\$ 3,595,000		\$ 3,960,000		\$ 4,860,000	
Paid to date	<u>1,680,000</u>		<u>610,000</u>		<u>1,060,000</u>	
Balance, April 30, 2009	<u>\$ 1,915,000</u>		<u>\$ 3,350,000</u>		<u>\$ 3,800,000</u>	
Due as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 305,000	\$ 80,460	\$ 85,000	\$ 157,281	\$ 295,000	\$ 176,575
2011	320,000	68,260	425,000	154,519	310,000	166,989
2012	330,000	55,140	510,000	140,175	325,000	156,525
2013	345,000	41,445	1,090,000	122,325	340,000	145,150
2014	360,000	26,955	1,240,000	65,100	360,000	132,825
2015	255,000	11,475			380,000	113,925
2016					405,000	93,975
2017					435,000	72,712
2018					460,000	49,875
2019					490,000	25,724
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
	<u>\$1,915,000</u>	<u>\$ 283,735</u>	<u>\$3,350,000</u>	<u>\$ 639,400</u>	<u>\$3,800,000</u>	<u>\$1,134,275</u>

Series 2004		Series 2005		Series 2006		Series 2007A	
April 1, 2004 2.00% to 4.00%		February 1, 2005 3.00% to 4.35%		September 15, 2006 3.50% to 5.25%		August 2, 2007 4.00% to 5.00%	
January 1		January 1		January 1		January 1	
July 1 and January 1		July 1 and January 1		July 1 and January 1		July 1 and January 1	
\$ 9,600,000		\$ 9,160,000		\$ 9,555,000		\$ 5,405,000	
<u>2,040,000</u>		<u>920,000</u>		<u>335,000</u>		<u>110,000</u>	
<u>\$ 7,560,000</u>		<u>\$ 8,240,000</u>		<u>\$ 9,220,000</u>		<u>\$ 5,295,000</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 455,000	\$ 253,062	\$ 350,000	\$ 337,803	\$ 320,000	\$ 432,770	\$ 260,000	\$ 232,783
1,470,000	240,550	220,000	323,803	260,000	421,090	245,000	221,733
1,520,000	196,450	255,000	315,002	270,000	411,470	215,000	211,320
290,000	147,810	520,000	304,803	320,000	401,345	225,000	202,183
120,000	138,385	550,000	284,002	335,000	389,505	240,000	192,620
135,000	134,425	595,000	262,003	655,000	376,775	260,000	182,420
1,350,000	129,835	635,000	238,202	675,000	351,885	265,000	172,020
1,820,000	81,910	675,000	212,803	375,000	325,898	95,000	161,155
130,000	15,480	720,000	185,802	540,000	311,460	110,000	157,260
130,000	10,605	755,000	154,843	585,000	290,400	125,000	152,750
140,000	5,600	780,000	124,642	645,000	259,688	140,000	147,625
		815,000	92,663	730,000	222,600	160,000	141,745
		500,000	58,840	790,000	184,275	170,000	135,025
		510,000	37,590	880,000	142,800	180,000	127,885
		360,000	15,660	715,000	96,600	600,000	120,325
				1,125,000	59,063	635,000	90,325
						670,000	58,575
						700,000	30,100
<u>\$7,560,000</u>	<u>\$1,354,112</u>	<u>\$8,240,000</u>	<u>\$2,948,461</u>	<u>\$9,220,000</u>	<u>\$4,677,624</u>	<u>\$5,295,000</u>	<u>\$2,737,849</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE**  
(Continued)  
**April 30, 2009**

	Series 2007B		Series 2008		Series 2009A	
Date of issue	August 2, 2007		June 1, 2008		April 15, 2009	
Interest rates	4.25% to 4.36%		3.45% to 5.25%		2.30% to 5.00%	
Principal redemption date	January 1		January 1		January 1	
Interest payment dates	July 1 and January 1		July 1 and January 1		July 1 and January 1	
Original issue	\$ 1,422,327		\$ 6,930,000		\$ 10,180,000	
Paid to date	<u>                    </u>		<u>                    </u>		<u>                    </u>	
Balance, April 30, 2009	<u>\$ 1,422,327</u>		<u>\$ 6,930,000</u>		<u>\$ 10,180,000</u>	
Due as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2010				\$ 284,975		\$ 315,408
2011				284,975	\$ 80,000	443,543
2012				284,975	80,000	441,703
2013				284,975	85,000	439,863
2014				284,975	85,000	437,228
2015	\$ 402,672	\$ 147,329		284,975	90,000	434,593
2016	350,125	149,875	\$ 315,000	284,975	135,000	431,803
2017	267,496	132,504	425,000	274,108	165,000	427,078
2018	402,034	227,965	585,000	259,020	735,000	421,303
2019			670,000	228,308	1,025,000	384,553
2020			900,000	193,808	635,000	333,303
2021			900,000	159,603	660,000	306,633
2022			985,000	124,953	690,000	278,913
2023			1,075,000	86,538	715,000	249,933
2024			1,075,000	43,538	745,000	219,903
2025					780,000	187,868
2026					810,000	154,328
2027					850,000	119,093
2028					890,000	81,693
2029					925,000	42,088
	<u>\$ 1,422,327</u>	<u>\$ 657,673</u>	<u>\$6,930,000</u>	<u>\$3,364,701</u>	<u>\$10,180,000</u>	<u>\$6,150,830</u>

Series 2009B		Totals		
April 15, 2009 3.00% to 5.00%				
January 1				
July 1 and January 1				
\$ 14,905,000		\$79,572,327		
		6,755,000		
<u>\$ 14,905,000</u>		<u>\$72,817,327</u>		
Principal	Interest	Principal	Interest	Totals
\$ 1,835,000	\$ 368,101	\$ 3,905,000	\$ 2,639,218	\$ 6,544,218
955,000	462,593	4,285,000	2,788,055	7,073,055
1,025,000	433,943	4,530,000	2,646,703	7,176,703
1,440,000	403,193	4,655,000	2,493,092	7,148,092
1,670,000	352,793	4,960,000	2,304,388	7,264,388
2,275,000	294,343	5,047,672	2,242,263	7,289,935
975,000	214,718	5,105,125	2,067,288	7,172,413
1,045,000	180,593	5,302,496	1,868,761	7,171,257
1,360,000	145,063	5,042,034	1,773,228	6,815,262
1,500,000	96,103	5,280,000	1,343,286	6,623,286
610,000	39,853	3,850,000	1,104,519	4,954,519
35,000	9,353	3,300,000	932,597	4,232,597
40,000	7,830	3,175,000	789,836	3,964,836
45,000	6,090	3,405,000	650,836	4,055,836
45,000	4,133	3,540,000	500,159	4,040,159
50,000	2,175	2,590,000	339,431	2,929,431
		1,480,000	212,903	1,692,903
		1,550,000	149,193	1,699,193
		890,000	81,693	971,693
		925,000	42,088	967,088
<u>\$ 14,905,000</u>	<u>\$3,020,877</u>	<u>\$72,817,327</u>	<u>\$26,969,537</u>	<u>\$99,786,864</u>



## **STATISTICAL SECTION**



## STATISTICAL SECTION

The objective of this part of the City of Kankakee's Comprehensive Annual Financial Report is to provide financial statement users with additional historical perspective, context, and detail. It is intended that the information in the financial statements, notes to financial statements, required supplementary information, and the statistical section, taken as a whole, will assist readers in further understanding and assessing the City's economic condition.

<u>Contents</u>	<u>Page(s)</u>
(A) <u>Financial Trends</u> These schedules contain trend information that indicates how the City's financial performance has changed over time.	125-129
(B) <u>Revenue Capacity</u> These schedules provide information on one of the City's most significant and locally controlled revenue sources, the property tax.	130-133
(C) <u>Debt Capacity</u> These schedules provide information about the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	134-136
(D) <u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators about the environment within which the City operates. This information is intended to facilitate comparisons of the City's finances over time and among other cities.	137-138
(E) <u>Operating Information</u> These schedules contain service and infrastructure data related to the services the City provides and the activities it performs.	139-141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2004; schedules presenting government-wide data include information beginning in that year.

**CITY OF KANKAKEE, ILLINOIS**  
**NET ASSETS BY COMPONENT (Unaudited)**  
**Fiscal Years Ended April 30, 2004 to 2009**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$ 27,487	\$ 29,097	\$ 32,295	\$ 36,909	\$ 40,727	\$ 45,281
Restricted	4,926	9,436	6,922	9,774	8,860	10,821
Unrestricted	<u>(28,155)</u>	<u>(31,985)</u>	<u>(29,005)</u>	<u>(31,784)</u>	<u>(33,638)</u>	<u>(47,481)</u>
Total governmental activities net assets	<u>\$ 4,258</u>	<u>\$ 6,548</u>	<u>\$ 10,212</u>	<u>\$ 14,898</u>	<u>\$ 15,948</u>	<u>\$ 8,621</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 18,455	\$ 22,475	\$ 22,437	\$ 22,019	\$ 21,976	\$ 24,895
Restricted	2,199	2,219	2,827	1,737	1,117	2,225
Unrestricted	<u>7,782</u>	<u>3,982</u>	<u>3,185</u>	<u>3,645</u>	<u>3,731</u>	<u>2,610</u>
Total business-type activities net assets	<u>\$ 28,436</u>	<u>\$ 28,675</u>	<u>\$ 28,449</u>	<u>\$ 27,401</u>	<u>\$ 26,825</u>	<u>\$ 29,730</u>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 45,942	\$ 51,571	\$ 54,732	\$ 58,928	\$ 62,703	\$ 70,176
Restricted	7,125	11,655	9,749	11,511	9,977	13,047
Unrestricted	<u>(20,374)</u>	<u>(28,003)</u>	<u>(25,819)</u>	<u>(28,140)</u>	<u>(29,906)</u>	<u>(44,871)</u>
Total primary government net assets	<u>\$ 32,694</u>	<u>\$ 35,223</u>	<u>\$ 38,661</u>	<u>\$ 42,299</u>	<u>\$ 42,773</u>	<u>\$ 38,352</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES (Unaudited)**  
**Fiscal Years Ended April 30, 2004 to 2009**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Program Revenues</b>						
Charges for services:						
General government	\$ 1,576	\$ 1,379	\$ 1,128	\$ 1,177	\$ 1,218	\$ 1,170
Public safety	860	848	985	996	543	578
Public works	270	541	292	267	195	373
Community development	77	142	142	142	131	142
Operating grants and contributions	2,676	4,024	2,880	2,832	3,510	4,002
Capital grants and contributions	88	1,061	1,982	2,884	6,948	728
Total program revenues	<u>5,547</u>	<u>7,995</u>	<u>7,409</u>	<u>8,297</u>	<u>12,545</u>	<u>6,993</u>
<b>Expenses</b>						
General government	4,934	5,078	6,042	6,705	6,196	8,649
Public safety	11,338	11,661	12,472	13,116	13,630	14,234
Public works	2,077	2,129	2,195	2,144	2,507	3,642
Highways and streets	916	2,601	3,311	1,708	7,201	2,207
Community development	2,034	2,650	1,435	1,455	1,772	2,505
Culture and recreation	61	62	58	59	62	310
Economic development	6,836	687	1,415	463	23,484	18,816
Interest and fiscal charges	2,521	1,952	2,187	2,126	2,259	2,812
Total Expenses	<u>30,717</u>	<u>26,819</u>	<u>29,115</u>	<u>27,775</u>	<u>57,111</u>	<u>53,175</u>
Net Revenue (Expense)	<u>\$ (25,170)</u>	<u>\$ (18,824)</u>	<u>\$ (21,706)</u>	<u>\$ (19,478)</u>	<u>\$ (44,567)</u>	<u>\$ (46,181)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Property taxes	\$ 8,601	\$ 8,530	\$ 9,767	\$ 9,726	\$ 10,731	\$ 11,440
Special assessments						258
Illinois retailers' tax, net	4,298	5,284	6,169	6,017	26,612	24,419
Utility taxes	3,244	3,314	3,350	3,292	3,481	3,360
Other taxes	2,422	2,692	3,115	3,442	3,761	3,636
Intergovernmental, not restricted						
to specific programs	782	50	50	50	50	50
Investment income	80	160	632	857	949	362
Gain (loss) on disposal of						
property and equipment			(41)			
Other	430	213	211	69	57	261
Contributions from developers		666	1,646			
Transfers	(317)	205	858	712	(14)	(4,932)
Total general revenues and other changes	<u>\$ 19,540</u>	<u>\$ 21,115</u>	<u>\$ 25,758</u>	<u>\$ 24,165</u>	<u>\$ 45,626</u>	<u>\$ 38,854</u>
Total change in net assets	<u>\$ (5,630)</u>	<u>\$ 2,290</u>	<u>\$ 4,051</u>	<u>\$ 4,687</u>	<u>\$ 1,059</u>	<u>\$ (7,327)</u>

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**CHANGE IN NET ASSETS - BUSINESS-TYPE ACTIVITIES**  
**AND TOTAL PRIMARY GOVERNMENT (Unaudited)**  
**Fiscal Years Ended April 30, 2004 to 2009**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Business-Type Activities</b>						
Charges for services	\$ 7,930	\$ 8,267	\$ 8,299	\$ 8,403	\$ 8,837	\$ 10,014
Operating grants and contributions				52	7	
Total program revenues	<u>7,930</u>	<u>8,267</u>	<u>8,299</u>	<u>8,456</u>	<u>8,844</u>	<u>10,014</u>
Expenses	<u>8,757</u>	<u>9,110</u>	<u>8,938</u>	<u>8,945</u>	<u>9,605</u>	<u>12,196</u>
Net business-type revenues (expenses)	<u>(827)</u>	<u>(842)</u>	<u>(639)</u>	<u>(489)</u>	<u>(761)</u>	<u>(2,182)</u>
Other income and changes in net assets:						
Investment income	41	54	132	145	144	22
Other	1,909	193	1,690	8	132	(5)
Contributions from developers	2,531	1,039				
Transfers	<u>317</u>	<u>(205)</u>	<u>(858)</u>	<u>(712)</u>	<u>14</u>	<u>4,932</u>
Total other income and changes in net assets	<u>4,799</u>	<u>1,081</u>	<u>964</u>	<u>(559)</u>	<u>290</u>	<u>4,948</u>
Total change in net assets	<u>\$ 3,971</u>	<u>\$ 239</u>	<u>\$ 325</u>	<u>\$ (1,049)</u>	<u>\$ (471)</u>	<u>\$ 2,766</u>
<b>Total Primary Government</b>						
Program revenues	\$ 13,477	\$ 16,263	\$ 15,708	\$ 16,753	\$ 21,389	\$ 17,008
Expenses	<u>(39,475)</u>	<u>(35,929)</u>	<u>(38,053)</u>	<u>(36,720)</u>	<u>(66,716)</u>	<u>(65,371)</u>
Net revenues (expenses)	<u>(25,998)</u>	<u>(19,666)</u>	<u>(22,345)</u>	<u>(19,967)</u>	<u>(45,328)</u>	<u>(48,363)</u>
General revenues and other changes in net assets	<u>24,339</u>	<u>22,196</u>	<u>26,722</u>	<u>23,606</u>	<u>45,916</u>	<u>43,802</u>
Total change in net assets	<u>\$ (1,659)</u>	<u>\$ 2,530</u>	<u>\$ 4,377</u>	<u>\$ 3,638</u>	<u>\$ 589</u>	<u>\$ (4,561)</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**FUND BALANCES - GOVERNMENTAL FUNDS (Unaudited)**  
**Fiscal Years Ended April 30, 2004 to 2009**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund						
Reserved	\$ 409	\$ 490	\$ 514	\$ 599	\$ 815	\$ 933
Unreserved	<u>2,216</u>	<u>2,087</u>	<u>2,566</u>	<u>2,646</u>	<u>2,290</u>	<u>1,272</u>
Total General Fund	<u>\$ 2,625</u>	<u>\$ 2,577</u>	<u>\$ 3,080</u>	<u>\$ 3,245</u>	<u>\$ 3,105</u>	<u>\$ 2,205</u>
All Other Governmental Funds						
Reserved, reported in:						
Capital projects fund	\$ 1,556	\$ 5,935	\$ 3,514	\$ 7,379	\$ 5,385	\$ 7,851
Special revenue funds	1,562	2,001	2,242	1,816	2,539	1,943
Debt service funds	1,829	1,501	1,175	656	936	1,027
Unreserved, reported in:						
Special revenue funds	1,496	1,243	860	405	1,730	703
Debt service funds	<u>(21)</u>	<u>(34)</u>				<u>(46)</u>
Total, all other governmental funds	<u>\$ 6,422</u>	<u>\$ 10,646</u>	<u>\$ 7,791</u>	<u>\$ 10,256</u>	<u>\$ 10,589</u>	<u>\$ 11,479</u>
Total, all governmental funds	<u>\$ 9,047</u>	<u>\$ 13,223</u>	<u>\$ 10,871</u>	<u>\$ 13,501</u>	<u>\$ 13,694</u>	<u>\$ 13,683</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Unaudited)**  
**Fiscal Years Ended April 30, 2004 to 2009**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>						
Taxes	\$ 18,527	\$ 19,820	\$ 22,400	\$ 22,477	\$ 44,585	\$ 42,856
Special assessments						258
Licenses, fees and permits	1,613	1,358	1,351	1,530	1,070	1,122
Intergovernmental	3,546	5,046	4,823	4,720	7,865	4,694
Charges for services	527	900	694	611	528	742
Fines and penalties	693	752	552	490	538	450
Investment earnings	80	160	632	857	949	362
Other revenues	407	290	341	200	94	297
Total revenues	<u>\$ 25,393</u>	<u>\$ 28,327</u>	<u>\$ 30,794</u>	<u>\$ 30,886</u>	<u>\$ 55,629</u>	<u>\$ 50,779</u>
<b>Expenditures</b>						
General government	\$ 4,696	\$ 5,440	\$ 6,519	\$ 7,092	\$ 9,050	\$ 8,227
Public safety	11,232	11,883	12,415	13,021	14,175	22,819
Public works	2,142	2,020	2,155	2,141	2,709	3,542
Highways and streets	1,011	2,911	5,002	3,771	7,651	4,048
Community development	2,011	2,605	1,401	1,416	2,251	2,500
Culture and recreation	61	62	58	59	62	310
Economic development	4,071	687	1,415	475	24,203	18,816
Debt service:						
Principal retirement	5,085	2,506	2,841	2,895	3,260	3,922
Interest and fiscal charges	1,907	1,998	2,198	3,966	2,332	3,393
Total expenditures	<u>\$ 32,216</u>	<u>\$ 30,111</u>	<u>\$ 34,004</u>	<u>\$ 34,836</u>	<u>\$ 65,693</u>	<u>\$ 67,578</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from borrowing	\$ 16,770	\$ 6,355		\$ 5,813	\$ 10,280	\$ 17,578
Proceeds from refunding	8,050	3,160		4,285		15,128
Payments to escrow agent	(7,946)	(3,136)		(4,372)		(10,987)
Proceeds from disposal of capital assets				142		
Transfers in	3,795	1,878	\$ 2,888	4,099	4,037	4,696
Transfers out	(7,472)	(1,673)	(2,030)	(3,386)	(4,051)	(9,628)
Total other financing sources (uses)	<u>\$ 13,197</u>	<u>\$ 6,584</u>	<u>\$ 858</u>	<u>\$ 6,580</u>	<u>\$ 10,266</u>	<u>\$ 16,788</u>
Net change in fund balances	<u>\$ 6,375</u>	<u>\$ 4,800</u>	<u>\$ (2,352)</u>	<u>\$ 2,630</u>	<u>\$ 202</u>	<u>\$ (11)</u>
Capital outlay (included in expenditures above)	<u>\$ 1,409</u>	<u>\$ 2,338</u>	<u>\$ 3,972</u>	<u>\$ 4,344</u>	<u>\$ 6,688</u>	<u>\$ 12,239</u>
Debt service as a percentage of non-capital expenditures	<u>22.7%</u>	<u>16.2%</u>	<u>16.8%</u>	<u>22.5%</u>	<u>9.5%</u>	<u>13.2%</u>

Source: Audited financial statements

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)**  
**LEVY YEARS 1999 - 2008**

Levy Year	Residential	Commercial	Industrial	Farm	Railroad	Valuation, City of Kankakee		Ratio, Assessed/ Actual
						Assessed	Actual	
2008	\$ 183,736,732	\$ 81,297,766	\$ 20,377,225	\$467,203	\$ 1,381,705	\$ 287,260,631	\$ 861,781,893	33.3%
2007	181,231,972	79,317,207	22,242,453	481,694	1,135,044	284,408,370	853,225,110	33.3%
2006	168,328,634	75,596,355	20,812,689	483,254	1,090,206	266,311,138	798,933,414	33.3%
2005	153,858,874	70,978,107	20,782,574	482,506	1,065,782	247,167,843	741,503,529	33.3%
2004	138,098,922	68,246,503	21,439,393	488,177	1,203,251	229,476,246	688,428,738	33.3%
2003	140,737,615	64,576,073	21,167,724	505,454	1,366,946	228,353,812	685,061,436	33.3%
2002	138,201,636	64,106,550	21,289,432	478,488	1,369,432	225,445,538	676,336,614	33.3%
2001	133,996,738	63,390,332	20,627,505	507,987	1,344,350	219,866,912	659,600,736	33.3%
2000	127,561,655	63,892,456	19,260,964	336,545	1,326,195	212,377,815	637,133,445	33.3%
1999	126,783,784	65,471,979	19,095,750	400,729	1,415,246	213,167,488	639,502,464	33.3%

Source: Office of the Kankakee County Clerk

Note: State law prescribes an assessment ratio of 33% of actual value.

Note: There may be some slight differences in totals due to rounding.



**CITY OF KANKAKEE, ILLINOIS**  
**PROPERTY TAX RATES - PER \$100 ASSESSED VALUATION, DIRECT AND OVERLAPPING GOVERNMENT (UNAUDITED)**  
**LEVY YEARS 1999 - 2008**

LEVY YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>City Direct Rates</b>										
<b>General Fund:</b>										
General Corporate	\$0.224	\$0.000	\$0.000	\$0.010	\$0.010	\$0.010	\$0.009	\$0.009	\$0.008	\$0.008
Fire Protection	0.105	0.103	0.099	0.108	0.106	0.107	0.098	0.092	0.087	0.087
Police Protection	0.081	0.080	0.076	0.083	0.082	0.082	0.076	0.071	0.067	0.067
Firemen's Pension	0.305	0.303	0.384	0.426	0.473	0.523	0.482	0.510	0.511	0.547
Police Pension	0.170	0.228	0.268	0.342	0.412	0.460	0.461	0.461	0.484	0.501
School Crossing Guard	0.013	0.013	0.012	0.013	0.012	0.013	0.012	0.011	0.010	0.010
Liability Insurance	0.124	0.343	0.328	0.460	0.454	0.455	0.421	0.378	0.371	0.370
Audit	0.015	0.015	0.014	0.015	0.015	0.016	0.015	0.014	0.013	0.013
Debt Service	1.210	1.271	1.370	1.169	1.248	1.421	1.377	1.509	1.465	1.550
<b>Total General Fund</b>	<b>\$2.247</b>	<b>\$2.356</b>	<b>\$2.551</b>	<b>\$2.626</b>	<b>\$2.812</b>	<b>\$3.087</b>	<b>\$2.951</b>	<b>\$3.055</b>	<b>\$3.016</b>	<b>\$3.153</b>
<b>Special Revenue Funds:</b>										
Civil Defense										
Parks	\$0.020	\$0.020	\$0.019	\$0.018	\$0.017	\$0.017	\$0.016	\$0.015	\$0.014	\$0.014
Band	0.007	0.007	0.007	0.007	0.007	0.007	0.006	0.006	0.006	0.006
IMRF	0.250	0.259	0.247	0.241	0.238	0.239	0.220	0.207	0.194	0.203
Library	0.204	0.254	0.264	0.276	0.619	0.573	0.542	0.523	0.578	0.621
<b>Total Special Revenue Funds</b>	<b>\$0.481</b>	<b>\$0.540</b>	<b>\$0.537</b>	<b>\$0.542</b>	<b>\$0.881</b>	<b>\$0.836</b>	<b>\$0.784</b>	<b>\$0.751</b>	<b>\$0.792</b>	<b>\$0.844</b>
<b>Total City Direct Rate</b>	<b>\$2.728</b>	<b>\$2.896</b>	<b>\$3.088</b>	<b>\$3.168</b>	<b>\$3.693</b>	<b>\$3.923</b>	<b>\$3.735</b>	<b>\$3.806</b>	<b>\$3.808</b>	<b>\$3.997</b>
<b>Special District and Overlapping Unit Rates:</b>										
Special Service Area No 1	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$1.986	\$1.963	\$2.000	\$2.000
Special Service Area No 2	0.053	0.053	0.051	0.050	0.048	0.047	0.047	0.043	0.041	0.039
Special Service Area No 3					1.249	1.198	1.087	1.008	0.947	0.952
Special Service Area No 5								0.300	0.300	0.300
Kankakee Township (including Road & Bridge)	0.578	0.573	0.559	0.550	0.551	0.536	0.515	0.508	0.494	0.511
School District No 111	4.636	4.667	4.613	4.577	4.620	4.664	4.455	4.320	4.196	4.294
Kankakee Valley Airport Authority	0.067	0.061	0.064	0.056	0.051	0.049	0.045	0.043	0.039	0.039
Kankakee Valley Park District	0.576	0.580	0.566	0.564	0.568	0.577	0.549	0.531	0.511	0.518
Kankakee County Forest Preserve District	0.056	0.058	0.059	0.060	0.060	0.060	0.058	0.056	0.054	0.056
Kankakee County	0.863	0.881	0.877	0.874	0.881	0.881	0.842	0.833	0.833	0.816
Kankakee Community College Dist #520	0.208	0.208	0.238	0.280	0.311	0.304	0.320	0.348	0.381	0.377
<b>Total Overlapping Units</b>	<b>\$9.037</b>	<b>\$9.081</b>	<b>\$9.027</b>	<b>\$9.011</b>	<b>\$10.339</b>	<b>\$10.316</b>	<b>\$9.904</b>	<b>\$9.953</b>	<b>\$9.796</b>	<b>\$9.902</b>
<b>Overall Tax Rate</b>	<b>\$11.765</b>	<b>\$11.977</b>	<b>\$12.115</b>	<b>\$12.179</b>	<b>\$14.032</b>	<b>\$14.239</b>	<b>\$13.639</b>	<b>\$13.759</b>	<b>\$13.604</b>	<b>\$13.899</b>

**Note:** Each taxing unit levies a total dollar amount. The rate is then determined by the County by dividing the levy by the taxable equalized assessed value of the property within each taxing unit's district.

Source: Tax bills for respective years

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE**  
**PRINCIPAL PROPERTY TAXPAYERS (Unaudited)**  
**LEVY YEARS 1999 AND 2008 (10 YEARS PRIOR AND CURRENT LEVY YEAR)**

<b><u>Taxpayer</u></b>	<b><u>Levy year 1999</u></b>			<b><u>Levy year 2008</u></b>		
	<b><u>Taxable Assessed Value</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Taxable Assessed Value</u></b>	<b><u>Taxable Assessed Value</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Taxable Assessed Value</u></b>
Cognis Corporation	\$ 5,426,273	1	2.55%	\$ 4,983,222	1	1.73%
Great Oak LLC				3,331,940	2	1.16%
Armstrong World Industries, Inc.	2,712,151	4	1.27%	2,989,650	3	1.04%
Riverstone Hotel Partners LLC				2,878,702	4	1.00%
Riverside Senior Living Center	2,821,979	3	1.32%	2,849,634	5	0.99%
Riverwoods Association	2,584,353	5	1.21%	2,609,679	6	0.91%
Space Center Chicago, Inc.	3,234,135	2	1.52%	2,557,311	7	0.89%
Walmart				2,550,146	8	0.89%
Rohm & Haas (Cor Unum)	1,482,781	9	0.70%	2,169,030	9	0.76%
Heritage Executive Center, Inc. (a.k.a. Provena Executive Center)	1,799,820	7	0.84%	2,116,658	10	0.74%
Total	<u>\$ 20,061,492</u>		<u>9.41%</u>	<u>\$ 29,035,972</u>		<u>10.11%</u>
Total EAV	<u>\$ 213,167,488</u>			<u>\$ 287,260,631</u>		

Source: Kankakee County Clerk

**CITY OF KANKAKEE, ILLINOIS**  
**PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)**  
**LEVY YEARS 1999 - 2008**

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<u>Tax Levy Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2008	\$ 10,543,700		
2007	10,015,994	\$ 9,822,065	98.1%
2006	9,432,477	9,238,993	97.9%
2005	8,702,452	8,714,051	100.1%
2004	8,488,900	8,397,370	98.9%
2003	7,980,341	7,941,490	99.5%
2002	6,728,350	6,657,443	98.9%
2001	6,394,665	6,303,637	98.6%
2000	5,772,748	5,705,607	98.8%
1999	5,376,277	5,288,832	98.4%

Property taxes not paid at the time of the payment deadline are sold by the County Treasurer at auction. The proceeds from the sale of the unpaid taxes are remitted by the County to the City by the end of each calendar year. Therefore, there are no tax collections for subsequent years. The property owners then have two years to purchase the taxes back through the County before title to the property passes to the holder of the paid taxes.

**CITY OF KANKAKEE, ILLINOIS**  
**OUTSTANDING DEBT BY TYPE AND LEGAL DEBT MARGIN (Unaudited)**  
**Fiscal Years Ended April 30, 2000 to 2009**

Fiscal Year Ended	Governmental Activities		Business-type Activities			Total Primary	Total Debt per Capita	Total Debt as a % of Personal Income
	General Obligation	Installment	Revenue	Installment	Total	Government		
	Bonds (A)	Loans (B)	Bonds (C)	Loans (D)	Business- type (C+D=E)	(A+B+E)		
2009	\$ 72,817,327	\$3,484,556	\$ 2,970,000		\$ 2,970,000	\$ 79,271,883	\$ 2,884	18.6%
2008	55,097,327	3,660,534	7,545,000		7,545,000	66,302,861	2,412	15.6%
2007	51,455,000	359,319	8,075,000		8,075,000	59,889,319	2,179	14.1%
2006	50,620,000	444,500	8,585,000		8,585,000	59,649,500	2,170	14.0%
2005	53,110,000	703,023	9,075,000		9,075,000	62,888,023	2,288	14.8%
2004	49,165,000	733,086	9,545,000		9,545,000	59,443,086	2,162	14.0%
2003	34,295,000	2,893,657	9,995,000	\$ 3,931	9,998,931	47,187,588	1,716	11.1%
2002	36,385,000	625,000	10,425,000	10,681	10,435,681	47,445,681	1,726	11.1%
2001	39,640,000	760,000	6,665,000	17,074	6,682,074	47,082,074	1,713	11.1%
2000	36,655,000	885,000	6,925,000	23,101	6,948,101	44,488,101	1,613	15.6%

**COMPUTATION OF LEGAL DEBT MARGIN**

The City of Kankakee, Illinois is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule Community, no statutory debt limit exists.

**CITY OF KANKAKEE, ILLINOIS**  
**RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING (Unaudited)**  
**Fiscal Years Ended April 30, 2000 to 2009**

<u>Fiscal Year Ended</u>	<u>GO Bonds</u>	<u>GO Debt per Capita</u>	<u>GO Debt as a % of Personal Income</u>	<u>GO Debt as a % of Actual Property EAV</u>	<u>Value</u>	<u>Revenue Coverage, Utility Bonds</u>
2009	\$ 72,817,327	\$ 2,649	17.1%	25.3%	8.4%	1.17
2008	55,097,327	2,004	12.9%	19.4%	6.5%	1.36
2007	51,455,000	1,872	12.1%	19.3%	6.4%	1.31
2006	50,620,000	1,841	11.9%	20.5%	6.8%	0.99
2005	53,110,000	1,932	12.5%	23.1%	7.7%	0.74
2004	49,165,000	1,788	11.6%	21.5%	7.2%	0.71
2003	34,295,000	1,247	8.1%	15.2%	5.1%	0.46
2002	36,385,000	1,324	8.6%	16.5%	5.5%	1.62
2001	39,640,000	1,442	9.3%	18.7%	6.2%	2.43
2000	36,655,000	1,329	12.8%	17.2%	5.7%	3.29

Population and personal income from Table D-1

Source of revenue coverage calculation: City records

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF DIRECT AND OVERLAPPING DEBT (Unaudited)**  
**April 30, 2009**

<u>Jurisdiction</u>	Outstanding <u>Debt</u>	Estimate Applicable to City	
		<u>Percent</u>	<u>Amount</u>
<b>Direct</b>			
City of Kankakee <sup>(1)</sup>	<u>\$ 49,287,328</u>	100.00%	<u>\$ 49,287,328</u>
<b>Overlapping</b> <sup>(2)</sup>			
Kankakee School District No. 111	15,906,098	66.74%	10,615,730
Herscher Community Unit School District No. 2	11,770,000	0.29%	34,133
Kankakee Valley Airport Authority	480,000	36.31%	174,288
Kankakee Valley Park District	-	66.60%	-
Bradley School District No. 61	1,185,000	4.47%	52,970
Bradley-Bourbonnais High School District No. 307	3,645,657	1.39%	50,675
Community Unit School District No. 4 (Clifton)	12,038,794	1.38%	166,135
Bourbonnais Park District	220,000	1.54%	3,388
Kankakee Community College No. 520	8,190,000	13.45%	1,101,555
Kankakee County	<u>6,895,000</u>	13.52%	<u>932,204</u>
Total Overlapping Debt	<u>60,330,549</u>		<u>13,131,078</u>
<b>Total Net Direct and Overlapping Debt</b>	<u><u>\$ 109,617,877</u></u>		<u><u>\$ 62,418,406</u></u>

2008 Equalized Assessed Valuation (EAV)	\$ 287,260,631
2008 Estimated Full Valuation	\$ 861,781,893
Population - Current Estimate	27,491
Full Valuation per Capita	\$ 31,348

<u>Debt Ratios</u>				
		<u>%</u>	<u>% Full</u>	<u>Per</u>
		<u>EAV</u>	<u>Value</u>	<u>Capita</u>
Net Direct Debt: \$	49,287,328	17.16%	5.72%	\$ 1,793
Net Direct and Overlapping Debt: \$	62,418,406	21.73%	7.24%	\$ 2,271

(1) Net direct debt is exclusive of self-supporting debt

(2) Debt information current to April 2009; overlapping information current to 2008 tax year

**CITY OF KANKAKEE, ILLINOIS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)**  
**Fiscal Years Ended April 30, 2000 to 2009**

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<u>Fiscal Year Ended</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Total Personal Income</u>	<u>Unemployment Rate</u>
2009	27,491	\$ 15,479	\$ 425,533,189	9.4%
2008	27,491	15,479	425,533,189	9.4%
2007	27,491	15,479	425,533,189	7.5%
2006	27,491	15,479	425,533,189	7.9%
2005	27,491	15,479	425,533,189	10.1%
2004	27,491	15,479	425,533,189	11.7%
2003	27,491	15,479	425,533,189	12.7%
2002	27,491	15,479	425,533,189	11.9%
2001	27,491	15,479	425,533,189	9.5%
2000	27,575	10,349	285,373,675	8.0%

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**CITY OF KANKAKEE, ILLINOIS**  
**LARGEST REGIONAL EMPLOYERS (Unaudited)**  
**Fiscal Years Ended April 30, 2000 and April 30, 2009**

<u>Employer</u>	2000			2009		
	<u>Number of</u> <u>Employees</u>	<u>Rank</u>	<u>% of</u> <u>Total City</u> <u>Population</u>	<u>Number of</u> <u>Employees</u>	<u>Rank</u>	<u>% of</u> <u>Total City</u> <u>Population</u>
Riverside Healthcare	1,475	1	5.4%	2,100	1	7.6%
Shapiro Developmental Center	1,375	2	5.1%	1,240	2	4.5%
St. Mary's Hospital (Provena)	1,020	4	3.7%	800	3	2.9%
CIGNA (Connecticut General Insurance)	400	11	1.5%	778	4	2.8%
Kankakee School District No. 111	680	6	2.5%	760	5	2.8%
Baker & Taylor Company <sup>1</sup>				736	6	2.7%
CSL Behring	1,040	3	3.8%	575	7	2.1%
Kankakee Community College	513	9	1.9%	551	8	2.0%
Kankakee County Government	430	10	1.6%	536	9	1.9%
Olivet Nazarene University <sup>1</sup>				450	10	1.6%
Peddinghaus Corporation <sup>1</sup>				400	11	1.5%
Sears Logistics Services	724	5	2.7%	393	12	1.4%
Van Drunen Farms <sup>1</sup>				370	13	1.3%
Armstrong World Industries, Inc.	370	13	1.4%	367	14	1.3%
City of Kankakee	373	12	1.4%	338	15	1.2%
Total	<u>8,400</u>		<u>30.9%</u>	<u>10,394</u>		<u>37.8%</u>

<sup>1</sup>Employer was not in top 15 in calendar 2000

Sources: Kankakee Regional Chamber of Commerce, September 2009  
City of Kankakee records for calendar 2000



**CITY OF KANKAKEE, ILLINOIS**  
**FULL-TIME EQUIVALENT EMPLOYEES (Unaudited)**  
**Fiscal Years Ended April 30, 2000 to 2009**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Government</b>										
Mayor and Council	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Affirmative Action/Personnel	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5
Clerk	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.0
<b>Finance/Central Services</b>										
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Billing and Collections	6.5	2.0	2.0	2.0	1.0	1.0	1.5	1.5	1.5	1.5
<b>Legal</b>										
Counsel and Legal	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0
Adjudication	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
<b>Senior Aides</b>	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Building Maintenance</b>	2.0	2.0	3.0							
<b>Public Safety</b>										
Police										
Officers	74.0	74.0	74.0	73.0	71.0	70.0	70.0	73.0	73.0	74.0
Civilians	25.0	25.0	25.0	14.0	15.0	15.0	15.0	15.0	15.0	13.0
Fire										
Firefighters and Officers	47.0	50.0	50.0	50.0	50.0	50.0	51.0	52.0	52.0	58.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Code	18.0	17.0	17.0	17.0	15.0	15.0	16.0	16.0	16.0	15.0
Planning	1.0	1.0	1.0	1.0						
Animal Control	1.0	1.0	1.0							
Engineering	1.0	1.0								
<b>Public Works</b>										
Administration	3.0	3.0	3.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Garage	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0
Streets and Alleys	10.0	10.0	10.0	10.0	10.0	10.0	10.0	19.0	21.0	21.0
Parks	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Community Development Agency</b>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	9.0
<b>Sewer Utility</b>										
Administration and clerical	7.0	8.0	7.0	8.0	8.0	7.0	4.0	4.0	4.0	3.0
Lab	6.0	6.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Sewer services	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
Technical services	5.0	5.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	11.0
Building maintenance	2.0	2.0	2.0	3.0	4.0	4.0	4.0	2.0	2.0	2.0
Plant operations and maintenance	8.0	8.0	-	-	-	-	-	-	-	-
<b>Total</b>	268.0	267.0	256.0	242.0	238.0	237.0	237.5	251.5	253.5	262.0

Source: City records

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**OPERATING INDICATORS (Unaudited)**  
**Fiscal Years Ended April 30, 2000 to 2009**

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Safety										
Police										
Total arrests	3,059	3,016	3,055	3,039	2,809	2,478	2,633	2,575	3,750	2,366
Traffic citations	6,572	4,939	5,834	5,778	7,670	7,328	3,459	4,265	6,983	5,279
Fire										
Fire runs	1,270	1,585	1,401	1,330	2,232	2,378	2,479	2,643	2,564	2,727
Structure fires	92	100	125	79	102	94	123	124	114	144
EMS calls	3,018	3,052	3,221	3,127	3,314	3,371	3,394	3,445	3,755	3,723
Public Works										
Refuge collected (cu. yds)							19,627	22,718	22,718	22,718
Brush collected/processed (cu. yds.)							13,238	19,411	19,411	19,411
Wastewater										
Number of customers										
Residential and commercial	8,737	8,550	8,461	8,459	8,433	8,383	8,337	8,302	8,162	8,162
Industrial and institutional	50	49	47	47	42	38	38	33	36	36
Sewer charges (amounts expressed in thousands)										
Residential	\$ 2,302	\$ 2,453	\$ 2,326	\$ 2,437	\$ 2,397	\$ 2,436	\$ 2,558	\$ 2,525	\$ 2,516	\$ 2,737
Industrial	\$ 4,218	\$ 3,958	\$ 4,256	\$ 4,152	\$ 3,816	\$ 4,197	\$ 3,979	\$ 4,130	\$ 4,714	\$ 4,372
Treatment capacity (MGPD)	17	17	17	17	17	16	15	14	14	14
Present Load (MGPD)	10	10	10	9	9	9	8	8	8	8

Source: City records

**CITY OF KANKAKEE, ILLINOIS**  
**CAPITAL ASSET STATISTICS (Unaudited)**  
**Fiscal Years Ended April 30, 2000 to 2009**

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	24	24	24	24	24	24	25
Fire										
Stations	6	6	6	6	6	6	6	6	6	7
Front-line apparatus	6	6	6	6	6	6	6	6	6	7
Public works										
Streets (miles)					248	249	254	256	270	270
Alleys (miles)					113	113	113	113	113	113
Bridges					17	17	17	17	17	17
Sidewalks (miles)					219	219	221	222	222	222
Streetlights					135	135	180	192	192	192
Traffic signals (intersections)					9	9	9	33	33	33
Storm sewers (miles)					117	117	119	120	122	122
Wastewater										
Sanitary sewers (miles)	118	118	118	118	118	130	145	145	145	145

Capital assets information (public works section) are not available for years prior to fiscal 2004.

Source: City records

**SINGLE AUDIT SECTION**



**PAYNE  
GROSKREUTZ  
SCHMIDT  
ABRAHAM  
& ESHLEMAN**

**PARTNERS**

Larry D. Groskreutz, C.P.A.  
Stephen P. Schmidt, C.P.A.  
M.J. Abraham, C.P.A.  
Amy Eshleman, C.P.A.

ACCOUNTANTS AND CONSULTANTS

**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and  
Members of the City Council  
City of Kankakee, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City), as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

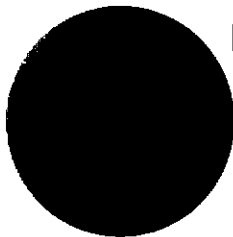
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Payne, Grosskreutz, Schmidt, Abraham & Eshleman

October 30, 2009



**PAYNE  
GROSKREUTZ  
SCHMIDT  
ABRAHAM  
& ESHLEMAN**

**PARTNERS**

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ACCOUNTANTS AND CONSULTANTS

**REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and  
Members of the City Council  
City of Kankakee, Illinois

**Compliance**

We have audited the compliance of the City of Kankakee, Illinois (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2009.

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### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, the City Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Payne, Crookreutz, Schmidt, Abraham & Eshleman*

October 30, 2009



**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended April 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>MAJOR PROGRAMS</u></b>			
<u>Department of Housing and Urban Development</u>			
Lead-Based Paint Abatement	14.900	ILL HB 0363-07	<u>\$1,434,546</u>
<u>Department of Homeland Security</u>			
Assistance to Firefighters - Firefighters Grant Program	97.044	EMW-2006-FG-16694	2,664
Assistance to Firefighters - Firefighters Grant Program	97.044	EMW-2007-FV-06262	495,000
Assistance to Firefighters - Firefighters Grant Program	97.044	EMW-2007-FF-00596	<u>151,800</u>
Total Department of Homeland Security			<u>649,464</u>
Total Major Programs			<u>2,084,010</u>
<b><u>OTHER PROGRAMS</u></b>			
<u>Department of Transportation</u>			
Passed-through Illinois Department of Transportation:			
Highway Planning and Construction	20.205	HPP-1125(002)	226,913
Highway Planning and Construction	20.205	HPP-4101(001)	35,124
Total Department of Transportation			<u>262,037</u>
<u>Department of Housing and Urban Development</u>			
Community Development Block Grant:			
Program year 2008	14.218	B-08-MC-17-0026	528,855
Program year 2007	14.218	B-07-MC-17-0026	<u>66,265</u>
			<u>595,120</u>
Passed-through Illinois Housing Development Authority:			
Homebuyer Acquisition and Rehabilitation Program	14.239	SHB-2571	152,350
Single Family Owner-Occupied Rehab Program	14.239	HO-2847	170,963
Small Rental Properties Program	14.239	HS-2818	<u>154,990</u>
			<u>478,303</u>
Total Department of Housing and Urban Development			<u>1,073,423</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
(Continued)  
For the year ended April 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Department of Labor</u>			
Passed-through Senior Service America, Inc:			
Senior Aides Program - FY 09	17.235	AD-16177-07-60	\$ 145,523
Senior Aides Program - FY 08	17.235	AD-16177-07-60	12,037
Total Department of Labor			<u>157,560</u>
<u>Department of Justice</u>			
FY2005 Justice Assistance Grant Program	16.738	2005-DJ-BX-1179	6,077
FY2008 Justice Assistance Grant Program	16.738	2008-DJ-BX-0147	11,564
			<u>17,641</u>
Passed-through Kankakee Area Metro Enforcement Group:			
Expanding Multi-jurisdictional Narcotics Unit	16.579	405005	24,390
Expanding Multi-jurisdictional Narcotics Unit	16.579	406005	50,040
			<u>74,430</u>
Passed-through Illinois Criminal Justice Information Authority:			
Law Enforcement/Prosecutor-Based Victim Assistance Services	16.575	206244	1,085
Law Enforcement/Prosecutor-Based Victim Assistance Services	16.575	208044	14,710
			<u>15,795</u>
Community Prosecution & Project Safe Neighborhood	16.609	107025	<u>15,680</u>
Total Department of Justice			<u>123,546</u>
Total Other Programs			<u>1,616,566</u>
Total Federal Awards			<u>\$3,700,576</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended April 30, 2009**

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**SIGNIFICANT ACCOUNTING POLICIES:**

The City's accounting records are maintained in accordance with the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board.

The significant accounting policies followed by the City are as follows:

**Reporting Entity**

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended April 30, 2009**

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**SECTION I - SUMMARY OF AUDIT RESULTS:**

**Financial Statements**

1. The auditors' report, dated October 30, 2009, expresses an unqualified opinion on the basic financial statements of the City of Kankakee.
2. No significant deficiencies or material weaknesses on internal control relating to the audit of the basic financial statements of the City of Kankakee are reported.
3. No instances of noncompliance material to the basic financial statements of the City of Kankakee were disclosed during the audit.

**Federal Awards**

1. No significant deficiencies on internal control relating to the audit of the major federal award programs of the City of Kankakee are reported.
2. The auditors' report on compliance for the major federal award programs for the City of Kankakee expresses an unqualified opinion on all major federal programs.
3. No audit findings relating to the major federal award programs of the City of Kankakee are reported.
4. Lead-Based Paint Abatement (CFDA #14.900) and Assistance to Firefighters Grant Program (CFDA #97.044) were tested as major programs for the year ended April 30, 2009.
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. The City of Kankakee qualified as a low-risk auditee.

**SECTION II - FINANCIAL STATEMENT FINDINGS:**

No findings are reported.

**SECTION III - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:**

No findings were reported.